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RULES AND REGULATIONS

Title 52—PUBLIC UTILITIES

PENNSYLVANIA PUBLIC UTILITY COMMISSION

[52 PA. CODE CHS. 54, 58 AND 62]

Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18

Public Meeting held
March 13, 2025

Commissioners Present: Stephen M. DeFrank, Chairperson; Kimberly Barrow, Vice Chairperson; Kathryn L. Zerfuss, statement follows; John F. Coleman, Jr.; Ralph V. Yanora

Initiative to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1—58.18; Docket No. L-2016-2557886

Final-Form Rulemaking Order

(*Editor's Note*: The following table of contents provides an overview of where topics may be found in the PUC Order. Due to the difference in page numbering in the Order published in the *Pennsylvania Bulletin*, page numbers are omitted from the table of contents and the section symbol is consistently used for each section listing.)

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By the Commission:

The Pennsylvania Public Utility Commission's (PUC or Commission) existing Low Income Usage Reduction Program (LIURP) regulations apply to covered natural gas distribution companies (NGDC) and covered electric distribution companies (EDC).[1] These EDCs and NGDCs are required to include a LIURP for their low-income customers[2] in their universal service and energy conservation plans (USECPs) or universal service portfolios.[3] From 1988 through 2021, public utility LIURPs in the Commonwealth have provided services to more than 653,000

[1] See existing 52 Pa. Code § 58.2 (relating to definitions) for the existing definition of "covered utility." As noted below, use of the term "covered utility" has been changed to "public utility." "Public utility" has been defined based on the number of customers that an EDC or NGDC has. The term "electric distribution utility or EDU" is synonymous with "EDC" and "natural gas distribution utility or NGDU" is synonymous with "NGDC." The EDCs and NGDCs, as well as the municipal authorities, that are affected by this amendment are identified below.

[2] A "low-income customer" is one with household income at or below 150% of the Federal poverty income guidelines (FPIG). A public utility may spend up to 20% of its annual LIURP budget on customers having an arrearage and whose household income is at or below 200% of FPIG. See 52 Pa. Code §§ 58.1, 58.2, and 58.10 (relating to purpose; definitions; and program announcement).

[3] "Universal service and energy conservation" is defined in the Electricity Choice and Competition Act as "Policies, protections and services that help low-income customers to maintain electric service. The term includes customer assistance programs, termination of service protection and policies and services that help low-income customers to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs, application of renewable resources and consumer education." 66 Pa.C.S. § 2803 (relating to definitions) regarding public utility electric service. Individually, Chapter 28 is referred to herein as the Electricity Competition Act. The term "Universal service and energy conservation" is also defined in the Natural Gas Choice and Competition Act as "Policies, practices and services that help residential low-income retail gas customers and other residential retail gas customers experiencing temporary emergencies, as defined by the commission, to maintain natural gas supply and distribution services. In the Natural Gas Choice and Competition Act, the term includes retail gas customer assistance programs, termination of service protections and consumer protection policies and services that help residential low-income customers and other residential customers experiencing temporary emergencies to reduce or manage energy consumption in a cost-effective manner, such as the low-income usage reduction programs and consumer education." 66 Pa.C.S. § 2202 (relating to definitions) regarding public utility natural gas service. Individually, Chapter 22 is referred to herein as the Natural Gas Competition Act. Collectively, Chapters 28 and 22 are referred to herein as the Competition Acts. References in public comments to the Choice Acts have been adjusted to refer to the Competition Acts.

households receiving public utility service from public utilities.[4] Program services have included energy conservation and weatherization treatments, furnace repairs and replacements, water heating measures, health and safety measures, and electric baseload measures depending, in part, on the condition of the dwelling.

Due to the advanced age of Pennsylvania's residential building stock and the increasing need for affordable housing, LIURP is an essential program in reducing energy consumption for low-income households. However, much has changed in the marketplace since the inception of LIURP in 1988 and since the PUC promulgated regulations to extend LIURP before it was scheduled to expire on or before January 28, 1998. Consequently, on December 16, 2016, the PUC issued a Secretarial Letter (2016 Secretarial Letter) requesting comments from interested stakeholders on further updating the PUC's existing LIURP regulations codified at Chapter 58 of Title 52 of the *Pennsylvania Code*. Specifically, the PUC noted that it "is important for the PUC to update the LIURP regulations in order to keep pace with the changing energy landscape and technology improvements, to ensure proper coordination among Commonwealth energy reduction programs, and to ensure that these programs continue to meet the goals established." 2016 Secretarial Letter at 3.

Subsequently, on May 18, 2023, the PUC adopted and entered a Notice of Proposed Rulemaking (2023 NOPR)[5] to solicit comments on proposed amendments to the existing LIURP Regulations at 52 Pa. Code §§ 58.1—58.18. The 2023 NOPR Preamble summarized stakeholder responses and replies to the above-mentioned 2016 Secretarial Letter and requested comments and reply comments from interested stakeholders on the proposed amendments to the PUC's existing LIURP regulations.

Upon our review of the comments and replies to the NOPR submitted by these interested stakeholders, the PUC adopts and enters this Final-Form Rulemaking Order (FFRO), consisting of a final-form Preamble and a final-form Annex A, applicable to the LIURPs of the EDCs and NGDCs operating in the Commonwealth of Pennsylvania. The amended LIURP final-form regulations are promulgated at §§ 58.1—58.18 and reflect the PUC's determinations regarding the comments received from the public utilities, the public and other interested stakeholders, as well as from the Pennsylvania Independent Regulatory Review Commission (IRRC).

In promulgating these amended LIURP final-form regulations, the PUC has leveraged the knowledge and experience gained, to date, within the PUC and by the public utilities, consumers, and other stakeholders to improve the PUC's oversight of and the public utilities' operation of LIURPs with the goal of maximizing ratepayer benefits. The PUC would like to thank every stakeholder that provided insightful comments on these important consumer benefit programs.

Preamble

Background

The four mandatory universal service programs are customer assistance programs (CAPs),[6] LIURPs, customer assistance referral and evaluation programs (CARES), and hardship fund programs.[7] The inception of LIURP occurred in 1988, but the PUC did not promulgate regulations governing LIURPs until 1993.[8]

LIURPs were initially subject to revision, stakeholder comment, and PUC review every three years as part of each public utility's on-the-record triennial USECP review. The process leading up to PUC action relative to a USECP is overseen by the PUC's Bureau of Consumer Services (BCS) in docketed collaborative proceedings.[9] Additionally, public utility universal service programs, including LIURPs, have been subject to independent third-party impact evaluations at least every six years.[10] On occasion, stakeholders have also proposed changes for consideration in a public utility's base rate proceedings, rider proceedings, demand side management filings, or other proceedings. Currently, the interval between periodic USECP reviews has been extended to at least every five years, and deadlines for filing the third-party impact evaluations are established as part of the docketed USECP proceedings.[11] Public utilities may propose revisions to programs in an approved USECP for PUC consideration at any time between the periodic USECP reviews.

Because the 1993 LIURP regulations were set to expire in 1998, the PUC promulgated final-form regulations to extend them on January 3, 1998. See 28 Pa.B. 25.

Initial Review of LIURP Regulations

In January 2009, the Consumer Services Information System Project at The Pennsylvania State University (CSIS PSU), under contract with the PUC, published a long-term study on LIURP in the Commonwealth, including recommendations for policy changes.[12] Additionally, CSIS PSU compiled data from weatherization programs

[4] The LIURP regulations were originally codified as 52 Pa. Code §§ 69.151—69.168 (relating to residential low income usage reduction programs). See 15 Pa.B. 3650 (10/12/1985); 16 Pa.B. 1277 (April 14, 1986); and 17 Pa.B. 3220 (August 1, 1987). As of January 16, 1993, the LIURP regulations were re-codified at 52 Pa. Code §§ 58.1—58.18. See 23 Pa.B. 265 (January 13, 1993). The Editor's Note at 23 Pa.B. 265, 274 explains that the "text of the regulations amended [by the annex at 23 Pa.B. 265, 274,] was originally codified in Chapter 69 in error." As re-codified in Chapter 58, the LIURP regulations were issued under §§ 501, 1501, and 1505(b) of the Public Utility Code, 66 Pa.C.S. §§ 501, 1501, and 1505(b), and became effective January 16, 1993. See 23 Pa.B. 265 (January 16, 1993). Section 58.2, 58.3, 58.8, and 58.10, 52 Pa. Code §§ 58.2, 58.3, 58.8, and 58.10, were subsequently amended effective January 3, 1998. See 28 Pa.B. 25 (January 3, 1998).

[5] The 2023 NOPR consists of a PUC order that serves as a NOPR Preamble under 1 Pa. Code § 301.1 (relating to definitions) and a NOPR Annex A containing the text of the proposed regulation under 1 Pa. Code § 305.1 (relating to delivery of a proposed regulation). The 2023 NOPR was revised by an Errata Order posted to the PUC's website on October 31, 2023. The 2023 NOPR, as revised by the Errata Order, continues to reflect the original entered date and may be viewed and downloaded from the PUC website at https://www.puc.pa.gov/pcdocs/1785942.pdf. It may also be viewed and downloaded from the IRRC website at https://www.irrc.state.pa.us/docs/3387/AGENCY/3387PRO.pdf and from the *Pennsylvania Bulletin* website at https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol53/53-48/1679a.html&search=1&searchunitkeywords=https://www.pacodeandbulletin.gov/webforms/searchbulletin.aspx?query=2557886&QueryExpr=2557886&ResultsPage=1&continued=/secure/pabulletin/data/vol53/53-48/1679.html&d=. The official version of the 2023 NOPR is the PDF version on the *Pennsylvania Bulletin* website.

[6] The CAP Policy Statement, 52 Pa. Code §§ 69.261—69.267, became effective July 25, 1992, was amended, effective May 8, 1999, and was further amended, effective March 21, 2020.

[7] See https://www.puc.pa.gov/about-the-puc/consumer-education/utility-assistance-programs/ (accessed on December 2, 2024).

[8] See 23 Pa.B. 265.

[9] This FFRO does not change the PUC process of BCS oversight of the USECP review and recommendation process leading to final approval of the USECP by the PUC. The process starts with a proposal from the public utility and includes input from stakeholders, review of the record, the staff recommendation, and a vote by the Commissioners of the PUC. The vote may result in approval of the staff recommendation or a motion to amend or reject the staff recommendation. Thereafter, if a stakeholder is unsatisfied with the PUC action, it may petition the PUC for reconsideration under 66 Pa.C.S. § 703 (relating to fixing of hearings) for rehearing, reconsideration, or amendment. If the stakeholder is unsatisfied, it may file an appeal in Commonwealth Court.

[10] 52 Pa. Code § 54.76 for EDCs and 52 Pa. Code § 62.6 for NGDCs.

[11] See Universal Service and Energy Conservation Plan Filing Schedule and Independent Evaluation Schedule, Docket No. M-2019-3012601 (order entered on October 3, 2019).

[12] See Shingler, John. (2009). "Long Term Study of Pennsylvania's Low Income Usage Reduction Program: Results of Analyses and Discussion." Penn State University Consumer Services Information System Project. http://aese.psu.edu/research/centers/csis/publications (accessed on December 2, 2024).

and performed analyses to inform the PUC.[13] By 2016, nationally accepted benefit/cost ratio models had shifted to measuring results on a whole-job basis compared to a per-measure basis used when the LIURP regulations were first promulgated.[14]

As a result, in 2016, the PUC issued a Secretarial Letter at Docket No. L-2016-2557886, soliciting stakeholder input on a number of important topics that would be instrumental in determining the scope of a future rulemaking to update the existing LIURP regulations codified at §§ 58.1—58.18 (relating to residential low-income usage reduction programs). In the 2016 Secretarial Letter, the PUC recognized that LIURP's weatherization, usage reduction, and conservation services had achieved significant benefits for both public utilities and low-income customers. 2016 Secretarial Letter at 1. Further, the existing LIURP regulations have no work specifications, contractor certification requirements, or quality control standards. The PUC noted that it was "prudent and reasonable" to revisit the LIURP regulations to ensure that the regulations are fostering fair, effective, and efficient energy usage reduction programs in a cost-effective manner. Id. The PUC articulated its interest in leveraging the knowledge and experience of the public utilities, consumers, advocates, and other stakeholders to identify improvements to the design of and the cost-effective operation of LIURPs to maximize ratepayer benefits. Id.

As part of the PUC's process of reviewing the existing LIURP regulations, and with the goal of ensuring effective and efficient use of ratepayer funds, the PUC posed, in its 2016 Secretarial Letter, the following questions relative to revising the regulations:

1. Are the existing regulations meeting the charge in 52 Pa. Code § 58.1? If not, what changes should be made?

2. How should LIURPs be structured to maximize coordination with other weatherization programs such as DCED's WAP and Act 129 programs?

3. How can utilities ensure that they are reaching all demographics of the eligible populations in their service territories?

4. What design would better assist/encourage all low-income customers to conserve energy to reduce their residential energy bills and decrease the incidence and risk of payment delinquencies? How does energy education play a role in behavior change?

5. How can the utilities use their LIURPs to better address costs associated with uncollectible accounts expense, collection costs, and arrearage carrying costs?

6. How can LIURPs best provide for increased health, safety, and comfort levels for participants?

7. How can LIURPs maximize participation and avoid disqualifications of households due to factors such housing stock conditions?

8. What is the appropriate percentage of Federal poverty income level to determine eligibility for LIURP?

9. With the additional energy burdens associated with warm weather, what, if any, changes are necessary to place a greater emphasis on cooling needs?

10. What are options to better serve renters, encourage landlord participation, and reach residents of multifamily housing?

11. Should the requirements regarding a needs assessment in developing LIURP budgets, as outlined at 52 Pa. Code § 58.4(c), be updated to provide a calculation methodology uniform across all utilities? If so, provide possible methodologies.

12. Should the interplay between CAPs and LIURPs be addressed within the context of LIURP regulations? If so, how?

13. Are there specific "best practices" that would better serve the LIURP objectives which should be standardized across all the utilities? If so, what are they? For example, is there a more optimal and cost-effective method(s) of procuring energy efficiency services so as to maximize energy savings at lower unit costs?

14. The [PUC] also welcomes stakeholder input on other LIURP issues or topics.

2016 Secretarial Letter at 4-5; (Footnote omitted). The 2016 Secretarial Letter was published in the *Pennsylvania Bulletin* at 46 Pa.B. 8188 (December 31, 2016).

Responses to the 2016 Secretarial Letter were timely filed by Duquesne Light Company (Duquesne); Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec), Pennsylvania Power Company (Penn Power), and West Penn Power Company (West Penn) (hereinafter collectively referred to as "FirstEnergy PA");[15] PECO Energy Company (PECO); PPL Electric Utilities Corporation (PPL); National Fuel Gas Distribution Corporation (NFG); Philadelphia Gas Works (PGW); Energy Association of Pennsylvania (EAP);[16] Office of Consumer Advocate (OCA); Department of Environmental Protection (DEP) and Department of Community and Economic Development (DCED) (collectively DEP & DCED); Commission on Economic Opportunity (CEO);[17] PA Energy Efficiency For All Coalition (PA-EEFA);[18] and PA Weatherization Providers Task Force (PWPTF).[19]

Reply responses to the 2016 Secretarial Letter were timely filed by Duquesne; PECO; PPL; Peoples Natural Gas LLC (PNGC) and Peoples Gas Company LLC (PGC)

[13] It should be noted that CSIS PSU is no longer under contract with the PUC and the work previously performed by CSIS PSU is now being performed in-house by PUC staff.

[14] While the 2023 NOPR Preamble did not make this distinction, the models were for weatherization measures based on the DOE Weatherization Assistance Program. This was to account for the non-energy benefits, such as improved health, safety, and comfort, in the total computation. The current trend continues to look at weatherization on a whole-house basis. See, e.g., Wx Non-Energy Benefits NEI Final Report for NH 6.2.17.pdf and Wx Study Non-Energy Impacts ORNL_SPR-2020_1840.pdf.

[15] On January 1, 2024, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company merged into FirstEnergy Pennsylvania Electric Company (FirstEnergy PA). See Joint Application of Metropolitan Edison Company, et al., Docket Nos. Docket Nos. A-2023-3038771, et al. (Order entered December 7, 2023). For consistency of reference, we refer to the FirstEnergy EDCs as "FirstEnergy PA" throughout this FFRO Preamble.

[16] EDC members of EAP include: Citizens' Electric Company, Duquesne, FirstEnergy PA, PECO, Pike County Light & Power Company (Pike), PPL, UGI Utilities Inc. (UGI), and Wellsboro Electric Company. NGDC members of EAP include: Columbia Gas of Pennsylvania, Inc., Pike, NFG, PECO, Peoples, PGW, UGI, and Valley Energy Inc.

[17] CEO is a non-profit organization serving low-income and elderly residents of Luzerne County. CEO has weatherized over 25,000 homes under DCED's Weatherization Assistance Program (WAP) and served as a subcontractor for PPL's and UGI's LIURPs and as the contracted operator of PPL's and UGI's CAPs. CEO Comments at 1.

[18] PA-EEFA is a partnership of Commonwealth and national organizations that share a goal of ensuring that low-income individuals have access to energy efficiency services to reduce their energy consumption. The partners include: Pennsylvania Utility Law Project (PULP); Natural Resources Defense Council (NRDC); National Housing Trust (NHT); Keystone Energy Efficiency Alliance (KEEA); Action Housing, Inc. (AHI); Housing Alliance of Pennsylvania (HAP); Regional Housing Legal Services (RHLS); and Community Legal Services of Philadelphia, Inc. (CLS). PA-EEFA Comments at 3.

[19] PWPTF is a network of 37 organizations providing energy conservation services throughout the Commonwealth. PWPTF entities administer various LIURPs and DCED WAPs. PWPTF Comments at 2.

(hereinafter collectively referred to as "Peoples");[20] EAP; OCA; PA-EEPA; and CEO.

In the interim, the PUC worked with DCED on a state-wide weatherization initiative and inter-agency coordination effort regarding DCED's Weatherization Assistance Program (WAP) and LIURP. DCED and the PUC shared data and analyses of the two agencies' weatherization programs, allowing for additional analysis in conjunction with the PUC's oversight of the EDCs' Act 129[21] energy efficiency and conservation program low-income measures. The work with DCED is continuing, and a memorandum of understanding between the two agencies was renewed in 2022 for another five years.

2023 LIURP NOPR

Subsequently, the PUC initiated the above-captioned rulemaking proceeding by which it solicited comments from interested stakeholders on proposed amendments to the PUC's existing LIURP regulations. See 2023 NOPR. In addition to summarizing stakeholder responses to the 2016 Secretarial Letter and requesting comments from interested stakeholders on the proposed amendments to the PUC's existing LIURP regulations, the 2023 NOPR also posed additional questions and topics for discussion related, inter alia, to the cost of complying with the proposed regulations and the impact of LIURP on customers with high arrearage balances (e.g., $10,000 or more). 2023 NOPR Preamble at 96—98. Parties were encouraged to include suggestions for regulatory language in their public comments. 2023 NOPR Preamble at 99, OP # 5-6.

The 2023 NOPR was published in the *Pennsylvania Bulletin* at 53 Pa.B. 7506 (December 2, 2023), establishing the timeline for comments and reply comments (RC). The PUC established a 45-day comment period from the date the 2023 NOPR was published in the *Pennsylvania Bulletin* on December 2, 2023, followed by a 30-day reply comment period. 53 Pa.B. 7506 (December 2, 2023).[22] The close of the public comment period established the timeline for IRRC's comments and delivery of the FFRO.

Comments or letters in lieu of comments were timely filed by Duquesne; FirstEnergy PA; PECO; PPL; Columbia Gas Company (Columbia); NFG; PGW; UGI Utilities Inc (UGI); Peoples; Consumer Advisory Council (CAC); Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA); EAP; Energy Justice Advocates (EJA); OCA; Pennsylvania Coalition of Local Energy Efficiency Contractors, Inc. (PA-CLEEC); Tenant Union Representative Network (TURN); and CEO and PWPTF (collectively CEO & PWPTF).

Reply comments or letters in lieu of reply comments were timely filed by Duquesne; FirstEnergy PA; PECO; PPL; Citizens Electric Co., Wellsboro Electric Co., and Valley Electric Co. (collectively C&T Companies); Columbia; NFG; Peoples; CAUSE-PA; EAP; OCA; PA-CLEEC; TURN; CEO & PWPTF; Senator Marty Flynn and Representative Kyle Mullins (collectively, Sen. Flynn & Rep. Mullins). Thereafter, IRRC filed its comments dated March 18, 2024.

Discussion

The PUC has reviewed the stakeholders' public comments[23] and IRRC's comments filed in this proceeding. Each section of the final-form regulation is addressed below in context with the existing regulations, proposed regulations, and the comments. Our dispositions also draw upon best practices identified in PUC reviews of numerous USECPs[24] over the years. Based on this variety of input, the PUC proceeds with this FFRO.

Section 58.1. Statement of Purpose[25]

In the 2023 NOPR, the PUC proposed to retitle this section "Statement of Purpose" (currently "Purpose") for consistency with other regulations and to more accurately reflect the purpose and goals of a public utility[26] LIURP. We also proposed to reflect that a LIURP may also provide services to a customer with household income between 151%—200% of the Federal poverty income guideline level (FPIG) and with special needs (i.e., a special needs customer), who does not meet the definition of "low-income." We explained that this change would be consistent with existing provisions in several PUC-approved LIURPs. Further, we proposed to use the term "low-income" with a hyphen when "low" and "income" are combined as an adjective.[27] The terms in this section also proposed updates consistent with the proposed definitions in § 58.2, including replacing "program" with "LIURP" when appropriate.

Stakeholder Comments on § 58.1

PPL, CAUSE-PA, and OCA generally support the proposed amendments to § 58.1. PPL notes that the proposed changes do not conflict with its existing LIURP practices. PPL Comments at 2-3; CAUSE-PA Comments at 13—15; OCA Comments at 3-4.

CAUSE-PA states that the proposed amendments emphasize the remediation of health and safety issues that would otherwise prevent the installation of comprehensive efficiency and weatherization measures. CAUSE-PA notes that the proposed amendments establish a more holistic framework that better reflects the intersectional goals of LIURP of reducing energy usage, bills, and universal service costs, and improve the health, comfort, and safety of low-income Pennsylvanians. CAUSE-PA Comments at 13—15.

OCA supports targeted LIURP expansions to households above 150% of the FPIG. OCA notes that assisting households that are often ineligible for CAP and LIHEAP would alleviate higher energy burdens and should lower uncollectible expenses and costs. However, OCA submits

[20] Peoples filed its joint comments in the names of three entities: Peoples Equitable Division, Peoples Natural Gas Company LLC, and Peoples TWP LLC. On August 10, 2017, at Docket No. R-2017-2618118, the PUC approved the request of Peoples TWP LLC to do business as PGC. On October 3, 2019, at Docket No. R-2018-3006818, et al., the PUC approved the merger of Peoples Natural Gas' separate Peoples and Equitable rate districts into a single rate district known as PNGC. PNGC and PGC served approximately 593,089 and 58,000 residential customers, respectively, in the Commonwealth in 2021. 2021 Report on Universal Service and Collections Performance at 6, 85. Effective January 1, 2023, the two entities are now one public utility, an NGDC named Peoples Natural Gas LLC, referred to herein as Peoples.

[21] 66 Pa.C.S. § 2806.1. Act 129, effective November 14, 2008, expanded, among other things, the PUC's oversight responsibilities and imposed new requirements on EDCs, with the overall goal of reducing energy consumption and demand.

[22] https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol53/53-48/1679.html (accessed on December 2, 2024).

[23] Stakeholder filings during the public comment period are referred to herein as their comments and RCs. Stakeholder responses to the 2016 Secretarial Letter are referred to as comments to the 2016 Secretarial Letter.

[24] The links to current USECPs, third-party evaluations, and a schedule of filings can be found at https://www.puc.pa.gov/electricity/universal-service/.

[25] The provisions of § 58.1 became effective January 16, 1993. See 23 Pa.B. 265 (January 16, 1993). The existing sections discussed below without specified effective dates also became effective January 16, 1993. See 23 Pa.B. 265.

[26] We have used the term "public" to modify "utility" and "utilities" in reference to certificated entities subject to PUC jurisdiction.

[27] We have made this edit to conform to LRB regulatory style of adding hyphens in compound adjectives. See LRB's *Pennsylvania Code & Bulletin Style Manual*, 6th ed. (LRB 6th ed.), released in late December 2024, which establishes uniform style guidelines for the *Pennsylvania Code* and the *Pennsylvania Bulletin*. www.pacodeandbulletin.gov/downloads/StyleManual_6thEdition.pdf.

that the proposed amendments do not address the methodology to evaluate the impact of energy usage reductions. OCA Comments at 3-4.

UGI, EAP, and NFG generally support the proposed revisions to § 58.1, except for concerns raised regarding the definition of "special needs customer," which are addressed in comments to § 58.2. UGI Comments at 3-4; EAP Comments at 9; NFG Comments at 4.

UGI further recommends removing the proposed last sentence in § 58.1 which states that a reduction in residential energy demand can lead to cost reductions for all customers. UGI asserts that the purpose of LIURP is to reduce energy usage for low-income customers and that § 58.1 should be focused on that purpose, not to lower wholesale electric market prices. UGI argues that various factors, such as CAP enrollment, payment plans, and household changes, can impact the effectiveness of weatherization on energy bills. UGI Comments at 3-4.

Duquesne asserts that while LIURP generally leads to annual electricity savings, not every job results in cost savings for each participant due to various factors such as changes in household members or occupancy patterns. Duquesne states that LIURP still provides benefits by enhancing comfort, safety, and reducing energy usage. Duquesne Comments at 4. Further, Duquesne disagrees with the inclusion of special needs customers in § 58.1 and contends that existing regulation already meets the requirements of § 58.1. Duquesne Comments at 4.

Stakeholder Reply Comments on § 58.1

EAP disagrees with OCA's suggestion that LIURP can be improved by budget and programmatic expansions, arguing that broad expansion may not be in the best interest of ratepayers. EAP submits that LIURP should remain a targeted program, to help low-income customers conserve energy and reduce residential energy bills. EAP asserts that LIURP and similar public utility programs are not intended to address broader issues such as overall poverty or housing deficiencies across the Commonwealth. EAP cautions against expanding eligibility or increasing budgets without considering the administrative burden and costs, which could strain existing programs. EAP highlights the challenge of finding contractors for LIURP jobs, as many are already occupied with other weatherization programs. EAP notes that it is willing to collaborate with other stakeholders to advocate for low-income energy assistance as a priority in the Commonwealth. EAP RC at 3.

OCA opposes UGI's proposal to remove the last sentence of § 58.1 that indicates that a reduction in residential demand can also result in lower fuel or power costs, noting that UGI's arguments offer a narrow view of the potential larger benefits of energy efficiency measures. OCA argues that lower usage and energy prices will help all customers, including those who qualify for LIURP. OCA disagrees with Duquesne that amendments to § 58.1 are needed. OCA submits that the proposed revisions to § 58.1 effectively address the issue that Duquesne raises by recognizing that a LIURP may have either an impact on energy usage or an improvement to the health, safety, and comfort levels of the household, or both. OCA RC at 2—4, citing UGI Comments at 3-4; Duquesne Comments at 4.

Disposition on § 58.1

As it pertains to the stakeholders' public comments regarding modifying the FPIG threshold for special needs customers, we address that issue in our discussion of § 58.2, below.

As it pertains to OCA's comments that the proposed amendments do not address the methodology to evaluate the impact of energy usage reductions, we address that issue in our discussion of proposed § 58.15 and final-form § 58.15a.

We agree with OCA that the final-form regulations should specify that a LIURP may have an impact on energy usage or improve the health, safety, and comfort levels of the household or both. The connection and recommendation that public utilities should have been concerned about the health, safety, and comfort of their LIURP recipients is clearly stated in the existing § 58.1: "[A LIURP] should also result in improved health, safety and comfort levels for [LIURP]. recipients." Therefore, we decline to adopt UGI and Duquesne recommendations on this point. We have, however, used appropriate regulatory language (rather than "should") in the final-form regulation.

UGI has recommended that we remove the proposed last sentence in § 58.1 which states that "A reduction in the residential demand for energy can also result in cost reductions related to the purchase of fuel or of power for all customers." In addition to reducing energy usage for eligible customers, the PUC has noted that a LIURP provides benefits associated with reduced load management, avoiding the cost of future generation and fuel purchasing, and diminishing environmental impacts related to energy production and transmission.[28] Further, the existing § 58.1 currently states that "[LIURPs] are also intended to reduce the residential demand for electricity and [natural] gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity." Because the Competition Acts removed the generation of electricity and the production of natural gas from the jurisdictional mandate of a public utility, we have removed the reference to generation capacity and instead focused on the potential for savings in the purchase rather than the generation of electricity or the purchase of natural gas. Even if a public utility no longer generates electricity or no longer produces natural gas, it must still obtain electricity or natural gas for its customers that do not shop for electricity or natural gas. Thus, the cost containment and reductions in the price of purchased energy remain valid concerns to EDCs and NGDCs.

Accordingly, we have not adopted UGI's suggestion to remove the last sentence in the final-form § 58.1.

UGI argues that various factors, such as CAP enrollment, payment plans, and household changes can impact the effectiveness of weatherization on energy bills. There is no dispute that other factors can have an impact on energy bills. A LIURP is but one of several universal service programs in a public utility's obligations under its respective Competition Act. Thus, there is no need for further revision to the final-form § 58.1 in order to respond to UGI's concern in this regard.

Duquesne states that, while a public utility's LIURP may generate electricity savings each year, cost savings will vary by individual participant household. Duquesne notes that some LIURP jobs do not result in cost savings

[28] See 28 Pa.B. at 25 (January 3, 1998).

because the household may have experienced changes in household members, occupancy patterns, or other changes. Duquesne asserts that these jobs still have benefits, increasing comfort and safety of the premises and energy usage below what it would have been, absent the LIURP improvements.

Accordingly, since an EDC and an NGDC is statutorily required to establish a usage reduction plan for its residential eligible customers, which consist of both low-income customers that meet the FPIG criteria and special needs customers, we have revised § 58.1 in the final-form regulation as follows:

[This] **The purpose of this** **chapter [requires]** **is to require** **[covered utilities]** **a public utility, as defined in § 58.2 (relating to definitions), to establish a fair, effective and efficient [energy usage reduction programs]** **Low-Income Usage Reduction Program (LIURP)** **for [their low income]** **its [low-income** **customers and special needs customers] RESIDENTIAL ELIGIBLE CUSTOMERS. [The programs are] A LIURP that meets the requirements of this chapter is** intended to **[assist low income customers conserve]** **decrease a LIURP participant's** energy **usage** and **[reduce residential energy]** **public utility** bills **or to improve health, safety and comfort levels of household members, or both**. **[The]** **A** reduction in energy **[bills]** **usage [should decrease]** **creates THE OPPORTUNITY FOR cost savings, which can lessen** the incidence and risk of customer payment delinquencies and the attendant **public** utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs. **[The programs are also intended to reduce the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity. The programs should also result in improved health, safety and comfort levels for program recipients.]** **A reduction in the residential demand for energy can also result in cost reductions related to the purchase of fuel or of power for all customers.**

Section 58.2. Definitions

In the 2023 NOPR, the PUC proposed to update the existing definitions in the LIURP regulations with current terminology, incorporate definitions used in 52 Pa. Code §§ 54.72, 56.2, 62.2, and 69.262,[29] and add definitions applicable to LIURP as a universal service program. 2023 NOPR Preamble at 17—21. While we addressed all the proposed definitions in the 2023 NOPR, we note that our discussion herein will only address the proposed definitions for which stakeholders or IRRC or both submitted comments or reply comments or both, including additional definition suggestions from stakeholders or new definitions established by the PUC.

[29] Definitions in §§ 69.261—69.267 (relating to the policy statement on customer assistance programs) reflect policy considerations.

Further, to the extent an existing definition in Title 52 of the *Pennsylvania Code* is not consistent with a definition in the final-form Chapter 58 of Title 52, we will endeavor to reconcile the differences in a future rulemaking or generic proceeding or in a public utility-specific proceeding.

"Administrative costs"

In the 2023 NOPR, we proposed amendments to the existing definition of administrative costs that would replace "audit expenses" with "expenses associated with quality control and training." We explained that our proposal would eliminate confusion about the categorization of energy audit expenses, which are directly related to the installation of program measures. 2023 NOPR Preamble at 25.

IRRC Comments on "Administrative costs"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of administrative costs should be amended to include costs for "technology and training." IRRC Comments at 5.

Stakeholder Comments on "Administrative costs"

UGI requests that information technology be added to the definition as an expense covered under administrative costs. UGI submits that implementing the proposed changes from the 2023 NOPR will necessitate information technology investments, and they argue that it is appropriate to allow public utilities to recover these costs in a timely manner. UGI Comments at 4.

CAUSE-PA generally supports the proposed addition of training as an enumerated administrative cost. CAUSE-PA explains that workforce development, as a function of training, is a fundamental need for successful LIURP implementation, and supports the use of administrative costs for this function. CAUSE-PA strongly recommends that the PUC ensure any LIURP administrative funds expended to support contractor training are coordinated with WAP provider training to help leverage resources and improve service delivery across these programs. CAUSE-PA asserts that allowing public utilities to spend up to 15% of their LIURP budget on administrative cost in § 58.5 is generous, particularly considering the PUC's proposed elimination of audit costs. CAUSE-PA states that the PUC's definition of administrative costs is sufficiently narrow to ensure that pilot programs have flexibility to develop and implement innovative program services. CAUSE-PA further notes that should a public utility anticipate that a pilot program would incur administrative costs in excess of 15%, the onus should be on the public utility to request a waiver of the cap as part of the approval process. CAUSE-PA Comments at 15—17.

Stakeholder Reply Comments "Administrative costs"

OCA disagrees with UGI's proposal to include information technology expenses in the definition of administrative costs. OCA asserts that information technology has historically been considered a capital expenditure and not recovered through the universal service rider as a LIURP cost. OCA RC at 5-6, citing UGI Comments at 4.

Disposition on "Administrative costs"

While we agree with UGI's assertions that implementing the amendments proposed in the 2023 NOPR may necessitate information technology investments for public utilities, we agree with OCA that the term "information technology" historically has been considered a capital expenditure and not an administrative expense. The PUC has allowed public utilities, on a case-by-case basis, to

recover information technology expenses through their universal service riders to implement approved changes to universal service programs.[30] However, as noted by OCA, information technology expenses for system updates, etc. are generally not considered part of recoverable universal service administrative costs. Therefore, we decline to include information technology as an expense covered under administrative costs in the LIURP regulation definitions.

We address CAUSE-PA's recommendation to coordinate LIURP administrative costs associated with Energy Service Provider (ESP) trainings with WAP provider training in our discussion of § 58.14c.

"BCS—Bureau of Consumer Services"

In the 2023 NOPR, we proposed to incorporate a definition for "BCS." We explained that since the inception of LIURPs and USECPs, approval of a public utility's universal service programs has been a process overseen by the PUC's BCS. 2023 NOPR Preamble at 18.

Stakeholder Comments on "BCS"

OCA supports BCS's role in providing advice and technical assistance to the PUC regarding universal service programs but does not approve of the proposed BCS definition that describes the bureau as responsible for universal service program oversight. It avers that the definition overall is not a necessary inclusion, but if kept should include a broader description of BCS's duties instead of a determination that BCS is responsible for universal service oversight. OCA Comments at 5-6.

Disposition on "BCS"

We decline to adopt OCA's suggestion. The reporting requirements for universal service and energy conservation programs are codified at 52 Pa. Code Chapter 62.[31] While BCS is mentioned throughout the regulations and in the rulemaking for Chapter 62, its role relative to universal service programs is unspecified in Chapter 62. As we proposed in the 2023 NOPR, we find including a definition of BCS in the LIURP final-form rulemaking appropriate to provide clarity as to the role BCS provides regarding universal service program review and oversight.

"CAP—Customer Assistance Program"

In the 2023 NOPR, we proposed this definition consistent with the definition of "CAP" found in 52 Pa. Code §§ 54.72 and 62.2. We identified CAP as a universal service program that provides payment assistance and pre-program arrearage (PPA) forgiveness to low-income residential customers. 2023 NOPR Preamble at 18.

IRRC Comments on "CAP"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of CAP should be amended to align with the PUC's Policy Statement (2020) at 52 Pa. Code §§ 69.261—69.267. IRRC Comments at 5.

Stakeholder Comments on "CAP"

UGI suggests modifying the proposed definition of CAP to align with the description outlined in the 2020 CAP Policy Statement at § 69.261. UGI suggests the following changes to the proposed definition:

***CAP—Customer Assistance Program*—[~~A universal service program, as approved by the Commission, that provides payment assistance or pre-program arrearage forgiveness, or both, to a low-income residential customer.~~] AN ALTERNATIVE PROGRAM TO TRADITIONAL COLLECTION METHODS APPLICABLE TO PARTICIPATING LOW-INCOME-CUSTOMERS WHO MAKE MONTHLY PAYMENTS FOR AN AMOUNT THAT IS LESS THAN THE CURRENT TARIFF BILL FOR UTILITY SERVICE, INCLUDING PRE-PROGRAM ARREARAGES, IN EXCHANGE FOR CONTINUED PROVISION OF SERVICE.**

UGI Comments at 4.

Disposition on "CAP"

While LIURPs and CAPs, individually and independently, may help to reduce the costs of a public utility's uncollectible account, CAP participation is not a requirement for LIURP eligibility. As such, we decline to revise the proposed definition to align with the 2020 CAP Policy Statement as suggested by UGI. The 2020 CAP Policy Statement is not a regulation. We conclude that our proposed definition of "CAP" builds upon the definition of "CAP" found in PUC regulations at §§ 54.72 and 62.2 and appropriately reflects the purpose of a CAP.

"CARES—Customer Assistance and Referral Evaluation Services"

In the 2023 NOPR, we defined CARES as a universal service program and clarified that a CARES recipient may receive referrals to maximize their ability to pay utility bills. 2023 NOPR Preamble at 19. We note that there are no separate statutory or regulatory requirements beyond the requirement that EDCs and NGDCs have a CARES program as part of their mandatory USECPs.[32]

IRRC Comments on "CARES"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of CARES should be amended to be consistent with §§ 54.72 and 62.2. IRRC Comments at 5.

Stakeholder Comments on "CARES"

UGI suggests maintaining consistency in the definition of CARES with the current Universal Service and Energy Conservation reporting regulations as specified in §§ 54.72 and 62.2. UGI suggests that the definition be revised as follows:

***CARES—Customer Assistance and Referral Evaluation Services*—A [~~universal service~~] program[~~, as approved by the Commission,~~] that provides a [~~referral-based approach or a case-work approach, or both, to help a payment-troubled customer secure energy assistance funds and other needed services to maximize the customer's ability to pay utility bills~~]**

[30] For example, see NFG 2022—2027 USECP, Docket No. M-2021-3024935 (Order entered on May 3, 2022) at 17-18.

[31] The PUC has directed that "BCS will review the universal service plans and make recommendations to the Commission." See Reporting Requirements for Universal Service And Energy Conservation Programs 52 Pa. Code Chapter 62, Docket No. L-00000146, (Final-Form Rulemaking Order entered on June 26, 2000), slip at 11. 30 Pa.B. 6430 (December 16, 2000). https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol30/30-51/2161.html&search=1&searchunitkeywords=; https://www.puc.pa.gov/PcDocs/263995.doc.

[32] 52 Pa. Code §§ 54.74(b) and 62.4(b).

COST-EFFECTIVE SERVICE THAT HELPS SELECTED, PAYMENT-TROUBLED CUSTOMERS MAXIMIZE THEIR ABILITY TO PAY UTILITY BILLS. A CARES PROGRAM PROVIDES A CASEWORK APPROACH TO HELP CUSTOMERS SECURE ENERGY ASSISTANCE FUNDS AND OTHER NEEDED SERVICES.

UGI Comments at 4-5.

Stakeholder Reply Comments on "CARES"

OCA submits that while it is important for the CARES definition to be aligned with §§ 54.74 and 62.2, as proposed by UGI, CARES has evolved since the §§ 54.74 and 62.2 were promulgated. OCA supports the revision to the definition of CARES as proposed in the 2023 NOPR, stating that it reflects the important distinction that CARES may be either a referral-based approach or a casework-based approach. OCA RC at 6-7, citing UGI Comments at 4-5.

Disposition on "CARES"

Regarding the definition of CARES, we decline to adopt UGI's modifications as suggested. We agree with OCA's assertions that CARES has evolved over the years and conclude that the definition as proposed in the 2023 NOPR appropriately reflects the distinction that CARES may be either a referral-based approach or a casework-based approach. We are especially mindful of the fact that CARES is a mandatory program in a USECP, but the definition we have adopted is not inconsistent with § 54.72 and § 62.2.

"CBO—Community-based organization"

In the 2023 NOPR, we proposed a definition consistent with the definition of "community-based organization" as defined by the Federal government in 20 U.S.C. § 7801 (relating to definitions). We identified a CBO as a public or private nonprofit organization that is representative of a community or a significant segment of a community that works to meet community needs. 2023 NOPR Preamble at 19.

Stakeholder Comments on "CBO"

UGI suggests modifying the definition of CBO to specify "organizations with the required technical and administrative expertise to directly offer services or programs that decrease energy consumption or help low-income customers afford electric service." UGI submits that this proposed definition is in line with the current language in 66 Pa.C.S. §§ 2804(9) and 2203(8) (relating to standards for restructuring of electric industry; standards for restructuring of natural gas utility industry), which encourages electric and natural gas public utilities to engage with CBOs in their universal service programs. UGI Comments at 5.

CAUSE-PA supports the inclusion of an explicit definition of "CBO" but expresses concerns that various proposals throughout the 2023 NOPR undervalue the critical role of CBOs and do not adequately reflect the statutory mandate that the PUC must encourage the use of CBOs to be the direct providers of universal service programs. CAUSE-PA Comments at 17-18.

Stakeholder Reply Comments on "CBO"

OCA disagrees with UGI's proposed definition of CBO, noting that the change in the language will limit the types of organizations that are eligible to assist with LIURP. OCA submits that the PUC's proposed definition of CBOs is derived from 20 U.S.C. § 7801 and is consistent with 66 Pa.C.S. §§ 2804(9) and 2203(8). OCA RC at 7—9, citing UGI Comments at 5.

Disposition on "CBO"

As it pertains to the proposed definition of "CBO," we decline to adopt UGI's modifications as suggested. We agree with OCA that UGI's suggested modifications limit the types of organizations that would be eligible to assist with LIURP. We, however, disagree with CAUSE-PA that the proposed definition undervalues the role of CBOs and does not adequately reflect the statutory mandate of 66 Pa.C.S. § 2804(9). We note that proposed § 58.14b(d) adequately addresses the statutory mandates of 66 Pa.C.S. §§ 2804(9) and 2203(8) by encouraging the prioritization of contracts with CBOs that meet ESP qualifications. We agree with OCA that the proposed definition corresponds with the Federal definition of CBO and with 66 Pa.C.S. §§ 2804(9) and 2203(8). Accordingly, the final-form definition for "CBO" is as proposed in the 2023 NOPR.

"De facto heating"

In the 2023 NOPR, we explained that this term has long been used in filings by stakeholders and in PUC orders and other documents to refer to the use of an alternate heating source when the primary or central heating system in a residence is non-functioning or because public utility service or non-utility heating fuel has been terminated or depleted. We proposed the definition based on the description of "de facto heating" developed by the Universal Service Coordination Working Group (USC Working Group).[33] 2023 NOPR Preamble at 21.

IRRC Comments on "De facto heating"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of "de facto heating" should be amended to include a broader range of heating sources. IRRC also notes that the term "de facto heating" is included in the definitions section § 58.2 (relating to definitions) of this rulemaking but is not referenced in any other section of the proposed regulation. IRRC recommends that the term should be deleted. IRRC Comments at 5 and 9.

Stakeholder Comments on "De facto heating"

UGI recommends a slight modification to the definition of de facto heating by replacing the reference to "portable heaters" with "portable space heaters." UGI notes that this change will help ensure consistency with the definition of an "eligible customer," which specifically mentions space-heating. UGI notes that there is no additional reference to "portable heaters" in the proposed regulations. UGI Comments at 5.

PPL notes the term "de facto heating" is not used anywhere else in Chapter 58. PPL adds that if the PUC proposes to include this term, it should clarify whether EDCs will have flexibility in serving de facto heating customers, including whether EDCs must provide full cost services even if the customer is out of oil or has a broken furnace. PPL Comments at 3.

CAUSE-PA supports including a definition of "de facto heating" as an important step to help alleviate reliance on de facto heating sources and reduce disparities in access

[33] See Universal Service Coordination Working Group Report, Docket No. M-2009-2107153 (Report issued on November 18, 2009), at 1. https://www.puc.pa.gov/pcdocs/1060321.pdf (accessed on December 2, 2024).

to reliable, affordable heating sources through the provision of program service. PECO and CAUSE-PA aver that the definition of "de facto heating" is too narrow. PECO asserts that a broader range of heating sources may be used by customers requiring greater attention through de facto efforts. CAUSE-PA also recommends replacing "portable" with "alternate" to better capture all sources of de facto heating, regardless of their portability when a primary heating source is inadequate in addition to situations where the heating source is non-functioning, or public utility service has been terminated. PECO Comments at 2; CAUSE-PA Comments at 18—20.

PECO suggests the following modified definition:

***De facto heating*—Use of [~~a portable heater~~] AN ALTERNATIVE HEATING SOURCE as the primary heating source when the primary or central heating system is non-functioning or public utility service has been terminated.**

PECO Comments at 2.

CAUSE-PA suggests the following modified definition (which we have amended to reflect a grammatical structure):

***De facto heating*—Use of [~~a portable heater~~] AN ALTERNATIVE HEATING SOURCE as the primary heating source when the primary or central heating system is INADEQUATE OR non-functioning or public utility service has been terminated.**

CAUSE-PA Comments at 20.

Stakeholder Reply Comments on "De facto heating"

PPL disagrees with CAUSE-PA's suggestion to define "de facto heating" as the use of an alternative heating source when the primary system is inadequate, arguing that "inadequate" is vague and subject to interpretation, potentially leading to further issues in implementation. PPL RC at 3, citing CAUSE-PA Comments at 18 and 20.

While OCA supports the use of solutions to de facto heating situations as a part of LIURP, it agrees with PECO that the PUC should consider expanding the definition of "de facto heating" to include other alternative heating sources rather than just portable sources. OCA submits that PECO's suggested modifications to the definition are consistent with the rationale for de facto measures as identified in the USC Working Group Report. OCA recommends that the PUC adopt PECO's proposed definition of de facto heating. OCA RC at 10-11, citing PECO Comments at 2-3.

TURN agrees with PECO and supports PECO's proposal to expand the definition of "de facto heating." TURN RC at 3, citing PECO Comments at 2.

Disposition on "De facto heating"

As previously detailed, this term has long been used in filings by stakeholders and in PUC orders to refer to the use of an alternate heating source. Some EDCs have also administered pilot programs to address de facto heating situations.[34] Therefore, we find it appropriate to include this term as part of Chapter 58 in the list of potential LIURP pilot programs that public utilities may offer in § 58.13a. and have added a reference to "de facto heating" there as well. Accordingly, there is no need to eliminate the definition from § 58.2.

Further, we recognize that using the term "portable heater" may limit the primary heating source to only a portable heater when a customer may use an alternative portable or non-portable heating source such as an oven or fireplace when the dwelling's primary source of heat is non-functioning or depleted. Accordingly, we have adopted PECO's suggested modified definition to replace "portable heater" with "alternative heating source." This change also addresses UGI's concerns with the term "portable heater" in the definition.

We decline to amend the definition of "de facto heating" to include a situation where the primary or central heating system is "inadequate" as suggested by CAUSE-PA. We agree with PPL that using "inadequate" to describe the status of a customer's primary heating source would be vague and subject to interpretation.

With respect to PPL's question regarding whether an EDC will have flexibility in servicing a de facto heating customer if the household is out of oil or has a broken furnace, we note that these types of de facto heating program parameters would be determined on a case-by-case basis in public utility-specific PUC proceedings based on consideration of, inter alia, the public utility's proposed pilot program and input from stakeholders.

Accordingly, we have revised the definition of "de facto heating" in the final-form regulation as follows:

***De facto heating*—Use of [~~a portable heater~~] AN ALTERNATIVE HEATING SOURCE as the primary heating source when the primary or central heating system is non-functioning or public utility service has been terminated.**

"Dwelling"

In the 2023 NOPR, we proposed defining "dwelling" as "a structure being supplied with residential utility service such as a house, apartment, mobile home or single meter multiunit" consistent with the definition of "dwelling" found in 52 Pa. Code § 56.2. 2023 NOPR Preamble at 22.

Stakeholder Comments on "Dwelling"

CAUSE-PA recommends that the PUC remove "single meter" from the definition of "dwelling" to ensure programs are able to serve both master-metered residential buildings and common areas of single-metered buildings. CAUSE-PA notes that PGW operates a Low Income Multifamily Efficiency (LIME) program as part of its LIURP, which reflects the fact that all ratepayers in PGW's service territory contribute to universal service program costs. CAUSE-PA asserts that a narrow definition that excludes master-metered buildings could impact the ability of PGW or other public utilities to provide comprehensive program services for this type of residential housing. CAUSE-PA suggests the following modification to the definition:

***Dwelling*—A structure being supplied with residential utility service such as a house, apartment, mobile home or [~~single meter~~] multiunit under 52 Pa. Code § 56.2 (relating definitions).**

CAUSE-PA Comments at 20-21.

Stakeholder Reply Comments on "Dwelling"

PECO acknowledges the desire to have program measures available for multifamily properties but asserts that it is important to retain the reference to "single meter" in

[34] For example, see PECO 2016—2018 USECP, Docket No. M-2015-2507139 (Order entered on August 11, 2016) at 45—48.

the definition of "dwelling" because LIURP eligibility is based on household usage. PECO RC at 4-5.

Disposition on "Dwelling"

We disagree with CAUSE-PA's recommendation to remove the term "single-meter" from the proposed definition. The proposed definition includes apartment buildings and mobile homes, which may serve multiple units within the building or mobile home park through a master meter system. Therefore, we decline to revise the proposed definition as suggested by CAUSE-PA. We have, however, modified the definition to use "single-metered" instead of "single meter" since the term functions as an adjective as follows:

***Dwelling*—A structure being supplied with residential utility service such as a house, apartment, mobile home or [~~single meter~~] SINGLE-METERED, multiunit under 52 Pa. Code § 56.2 (relating definitions).**

"EDC—Electric distribution company"

We have revised the definition of "EDC" as follows to reflect that Chapter 14[35] has sunset as of the date December 31, 2024:

***EDC—Electric distribution company*—A public utility providing jurisdictional electric distribution service as defined in 66 Pa.C.S. § 2803 (relating to definitions). This term is synonymous with electric distribution utility (EDU) as defined in [~~66 Pa.C.S. § 1403~~] 52 PA. CODE § 56.2 (RELATING TO DEFINITIONS).**

"ESP—Energy service provider"

In the 2023 NOPR, we explained that public utilities use a variety of external agents and internal staff to provide program services. We proposed the new term "ESP—Energy service provider" as a general reference for such program service providers. Specifically, we proposed to define "ESP" as "[a]n organization, contractor, subcontractor, or public utility representative responsible for providing program services on behalf of a public utility." 2023 NOPR Preamble at 22.

IRRC Comments on "ESP"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of ESP should be more inclusive of CBOs. IRRC Comments at 5.

Stakeholder Comments on "ESP"

UGI recommends expanding the definition to clarify that ESPs perform LIURP and other universal services on behalf of public utilities, such as energy audits, installation of conservation measures, and education. UGI submits that this change will align the definition of "ESP" with the proposed definition of "LIURP job." UGI Comments 5-6.

CAUSE-PA is not generally opposed to the addition of this definition but expresses concerns with its application. CAUSE-PA notes that ESPs are provided very specific and substantial responsibilities for all aspects of LIURP implementation. CAUSE-PA is concerned that the proposed definition is not appropriately inclusive of CBOs, which undermines the statutory preference for CBOs to deliver program services in local communities. CAUSE-PA suggests the following modified definition:

***ESP—Energy service provider*—[~~An~~] A COMMUNITY BASED organization, contractor, subcontractor or public utility representative responsible for providing program services on behalf of a public utility.**

CAUSE-PA Comments at 21-22

Stakeholder Reply Comments on "ESP"

PPL opposes CAUSE-PA's recommendation to include CBOs in the definition of "ESP." PPL argues that CAUSE-PA's proposal narrows the definition rather than broadens it and could exclude non-CBOs from being considered ESPs. PPL contends that the PUC should not unreasonably limit the definition of "ESP" if its goal is to have program services provided to as many eligible customers as possible in a cost-effective manner. PPL RC at 4, citing CAUSE-PA Comments at 21-22.

Peoples emphasizes the importance of maintaining flexibility when defining "ESP" and does not support limiting ESPs to CBOs rather than including organizations in general. Peoples notes that it uses a non-CBO vendor due to a lack of qualified and available CBO vendors. Peoples Letter in Lieu of RC at 1.

EAP also opposes CAUSE-PA's suggested definition for "ESP." EAP argues that there is a shortage of CBOs to handle the current weatherization workload, which could worsen if the LIURP regulations mandated the use of CBOs. EAP opines that such a mandate could hinder LIURPs from meeting their objectives or budget targets. EAP also asserts that public utilities should retain authority to decide which contractors to hire for ratepayer-funded programs. EAP submits that suggestions to change this decision-making process, such through a review of the RFP process, would limit public utility discretion. EAP RC at 5, citing CAUSE-PA Comments at 21-22.

Disposition on "ESP"

Regarding UGI's recommendation to expand upon the proposed definition of "ESP," we decline to adopt their suggestion to revise the term. We note that the definition of "program services" and "LIURP job" adequately clarifies the types of services and work under Chapter 58 that an ESP may perform (i.e., services include energy audit, program measure installation, energy conservation education, etc.). We also note that the proposed definition does not restrict a public utility from using an ESP to perform other universal service functions, such as, for example, acting as an administrator for its CAP, CARES, or hardship fund.

Similarly, we decline to revise the proposed definition as suggested by CAUSE-PA. We disagree with CAUSE-PA's assertions that the proposed definition is not appropriately inclusive of CBOs and undermines the statutory preference for CBOs to deliver program services in local communities. The term "organization" is sufficiently broad and clearly includes a community-based organization. A definition that specifies only organizations that are community based would exclude many other organizations that do not fall into that category.

[35] 66 Pa.C.S. §§ 1401—1419. Responsible Utility Customer Protection (Expired). The terms "EDU" and "NGDU" were initially defined and used in § 1403 and are used in numerous PUC orders and regulations interchangeably with "EDC" and "NGDC." See also the discussion of the definition of "NGDC" below. Despite the sunset of Chapter 14 in the Public Utility Code, the regulations of Chapter 56 remain in effect until amended. See Sunset of Chapter 14, Title 66 of the Pennsylvania Public Utility Code Statement of Policy, Docket No. M-2024-3052328 (Statement of Policy entered on December 24, 2024). https://www.puc.pa.gov/pcdocs/1860546.pdf.

We conclude that the proposed definition properly categorizes the various types of program service providers that a public utility may use on its behalf, which includes organizations such as CBOs. Accordingly, we retain the proposed definition of "ESP" from the 2023 NOPR in the final-form regulation.

"Eligible customer"

In the 2023 NOPR, we explained that the proposed amendments to the existing definition of "eligible customer" reflect the inclusion of a residential low-income customer or a special needs customer of a public utility. We noted that a residential low-income customer or a special needs customer would be eligible for LIURP if the customer met the criteria for participation as specified in a public utility's USECP, which can include usage thresholds. 2023 NOPR Preamble at 25.

IRRC Comments on "Eligible customer"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of eligible customer should be amended to require a customer to meet both the usage threshold and other criteria in a public utility's LIURP. IRRC also requests clarification if the definition should include both heating and cooling needs. IRRC Comments at 5.

Stakeholder Comments on "Eligible customer"

CAUSE-PA and OCA express concern that including usage thresholds in the definition will exclude some customers from LIURP.

CAUSE-PA notes that some customers reside in smaller homes and apartments that may not meet the usage threshold but are still in need of energy reduction services to control utility costs. CAUSE-PA and OCA note the increased reliance on space-cooling and the corresponding need for usage reduction service. CAUSE-PA recommends amending the definition to require a customer to meet the criteria established in a public utility's USECP and eliminate reference to a usage threshold. CAUSE-PA contends that this would ensure that the PUC could amend or eliminate usage thresholds to meet emerging needs without the need for further regulatory amendments. CAUSE-PA Comments at 22-23.

CAUSE-PA proposes the following amendments to the definition:

Eligible customer—A **[low income or special needs customer who is a residential space heating customer, or a residential water heating customer, or a residential high use electric baseload customer of a covered utility]** **space-heating, SPACE-COOLING, water-heating, or electric baseload low-income or special needs residential customer who meets the [~~usage threshold and other~~] criteria for a public utility's LIURP, as specified in its USECP.**

CAUSE-PA Comments at 23.

OCA recommends permitting a customer to meet either high-usage criterium or other criteria for the determination of LIURP eligibility. OCA Comments at 6-7. OCA recommends that the definition of eligible customer include both heating and cooling sources as follows:

Eligible customer—A **[low income or special needs customer who is a residential space heating customer, or a residential water heating customer, or a residential high use electric baseload customer of a covered utility]** **space-heating, water-heating, or electric baseload low-income or special needs residential customer OR A HIGH-USE CUSTOMER WHO USED AN INTERMITTENT HEATING OR COOLING SOURCE who meets the usage threshold [~~and~~] OR other criteria for a public utility's LIURP, as specified in its USECP.**

OCA Comments at 7.

Stakeholder Reply Comments on "Eligible customer"

EAP opines that CAUSE-PA and OCA's proposals to remove usage threshold from the definition of "eligible customer" would create ambiguity in eligibility criteria, potentially extending LIURP eligibility to all low-usage customers. EAP asserts that this would also increase LIURP jobs and costs by introducing a new class of eligible customers. EAP notes its concerns about the capacity of weatherization resources to handle this rise in program demand. EAP RC at 6, citing CAUSE-PA Comments at 22; OCA Comments at 6.

Disposition on "Eligible customer"

We agree with CAUSE-PA's recommendation to remove the reference "usage threshold and other criteria." IRRC also questioned the need for a reference to "usage threshold and other criteria" in the definition. Contrary to EAP's assertions, removing usage threshold and other criteria from the definition would not create ambiguity or extend LIURP to low-usage customers. Nor would removing this reference impact the existing USECP approval process. We clarify that because each public utility proposes its LIURP eligibility criteria, including setting a minimum usage threshold in its USECP, it is unnecessary to include this reference as part of the definition.

CAUSE-PA and OCA recommend including the term "space-cooling" in this definition. IRRC also asks us to address whether this definition should address both heating and cooling needs. We note that neither the existing regulations nor the Chapter 58 regulations as proposed would prohibit a public utility from addressing space-cooling as part of a LIURP job. LIURPs are designed to help eligible households receive year-round energy efficiency benefits including installing program measures to address cooling needs in appropriate circumstances. We also note that space-cooling needs are often addressed in conjunction with the program measures installed as part of space-heating, water-heating, or baseload jobs, including health and safety measures. Therefore, we find it appropriate to identify space-cooling as a separate category of customer need that may be served by LIURP within this definition and in other sections of Chapter 58.

We have adopted CAUSE-PA's recommended revisions to the definition for "eligible customer" with modifications. These modifications include reflecting that residential "electric baseload" customer is now called residential "high-use electric" baseload customer and that a public utility's criteria for an eligible customer is specified in its approved USECP. Accordingly, the definition of "eligible customer" in the final-form regulation is revised as follows:

***Eligible customer*—A [low income or special needs customer who is a residential space heating customer, or a residential water heating customer, or a residential high use electric baseload customer of a covered utility] space-heating, SPACE-COOLING, water-heating, or HIGH-USE electric baseload low-income or special needs residential customer who meets the [~~usage threshold and other~~] criteria for a public utility's LIURP, as specified in its APPROVED USECP.**

"Energy audit"

In the 2023 NOPR, we proposed the term "energy audit" to replace and expand on the term "energy survey," reflecting that the initial energy audit is used to determine the energy usage of the dwelling as well as to identify any appropriate program measures needed to reduce energy use or health and safety issues. 2023 NOPR Preamble at 28.

Stakeholder Comments on "Energy audit"

CAUSE-PA supports the proposed amendments to update this definition to the more commonly used and understood "energy audit." CAUSE-PA recommends clarifying that EDCs can use remote auditing in a limited manner to increase LIURP participation. Further, CAUSE-PA notes that virtual inspections are convenient and provide an option for households that may otherwise be precluded from LIURP participation. CAUSE-PA notes that virtual inspections are limited as they are unable to perform diagnostic tests. CAUSE-PA contends that remote virtual inspections should only be used as a tool to encourage participation, identify baseload measure installation, or as an initial assessment provided a full onsite audit is performed before comprehensive heating or cooling program measures are installed. CAUSE-PA proposes the following amendments to the definition:

***Energy* [*survey*—An onsite inspection of a residential building for the purpose of determining the most appropriate usage reduction measures] *audit*—An initial assessment of a dwelling performed by an ESP to determine the energy usage and appropriate program services. AN ESP MAY PERFORM AN INITIAL REMOTE AUDIT FOR RESIDENTIAL BASELOAD BUT MUST COMPLETE AN ONSITE AUDIT FOR ALL RESIDENTIAL SPACE-HEATING OR SPACE-COOLING SERVICES.**

CAUSE-PA Comments at 23—25.

Disposition on "Energy audit"

As it pertains to CAUSE-PA's proposed language, we decline to revise the definition as it suggested. CAUSE-PA would have the definition establish a mandatory obligation for an onsite energy audit. Definitions do not establish mandatory obligations. The determination of when a public utility performs a virtual or onsite energy audit is addressed in § 58.11. Therefore, we find it unnecessary to include this clarification in the definition. Accordingly, we retain the proposed definition of "energy audit" from the 2023 NOPR in the final-form regulation.

"Hardship fund"

In the 2023 NOPR, we proposed including a definition for "hardship fund" that clarifies that a hardship fund is a universal service program that provides cash assistance to help eligible customers pay public utility debt, restore public utility service, or stop a termination of public utility service. 2023 NOPR Preamble at 20. We note that there are no separate statutory or regulatory requirements beyond the requirement that EDCs and NGDCs have a hardship fund program as part of their mandatory USECPs.[36]

Stakeholder Comments on "Hardship fund"

UGI asserts that the proposed definition for "hardship fund" appears to extend its scope beyond its original purpose. UGI states that the proposed definition implies the funds should be sufficient to restore service or prevent terminations but asserts that the grants may not always cover the entire balance owed. UGI recommends revising the definition to replace "public utility debt" with "energy bills" to better align with the intended purpose of a hardship fund grant. UGI suggests that the definition be revised as follows:

***Hardship fund*—A VOLUNTARY universal service program, as approved by the Commission, that provides cash assistance to help eligible customers pay [~~public utility debt~~] ENERGY BILLS, WHICH MAY BE APPLIED TO AMOUNTS RELATIVE TO TERMINATION AND RESTORATION REQUIREMENTS[~~, restore public utility service or stop a termination of public utility service~~].**

UGI Comments at 6.

Disposition on "Hardship fund"

Regarding UGI's recommendation to align the proposed definition with its intended purpose, we recognize that not all public utilities require a hardship fund grant to address an entire balanced owed, restore public utility service, or stop a public utility termination. Further, the PUC has approved allowing public utilities to issue hardship fund grants to address utility and non-utility energy needs.[37] Therefore, we agree with UGI that a more accurate definition of "hardship fund" is needed, but we decline to identify the universal service program as "voluntary." Since the passage of the Competition Acts, the PUC has required all EDCs and NGDCs to offer hardship fund programs as part of their universal service program portfolios.

Accordingly, we have revised the definition of "hardship fund" in the final form regulation as follows:

***Hardship fund*—A universal service program, as approved by the Commission, that provides cash assistance to help eligible customers ADDRESS ENERGY NEEDS, WHICH MAY INCLUDE [~~pay public utility debt, restore~~] PAYING ENERGY BILLS, RESTORING public utility service or [~~stop~~] STOPPING a termination of public utility service.**

"Health and safety measure"

In the 2023 NOPR, we proposed this definition to clarify the term "health and safety measure" used in

[36] 52 Pa. Code §§ 54.74(b) and 62.4(b).

[37] For example, see NFG's hardship fund program, Neighbor for Neighbor, which "provides assistance to individuals to: (1) prevent disconnection of utility service; (2) pay overdue bills; (3) purchase any type of heating fuel; or (4) repair or replace heating equipment." NFG 2022—2027 USECP, Docket No. M-2021-3024935 (filed on January 2, 2024), at 45.

proposed § 58.12. Specifically, we proposed to define "health and safety measure" as "[a] program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling or an ESP, or both." This proposed definition is consistent with the guidance given to WAP agencies by the US Department of Energy, which identified health and safety actions as those "necessary to maintain the physical well-being of both the occupants and weatherization workers."[38] 2023 NOPR Preamble at 22.

Stakeholder Comments on "Health and safety measure"

UGI submits that the PUC's new definition of health and safety measures is broad and should include a focus on reducing energy usage for low-income households. UGI suggests modifying the definition of health and safety measure as follows:

> ***Health and safety measure*—A program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling or an ESP, or both THAT IS PERFORMED AS PART OF OTHER LIURP MEASURES WHICH WILL REDUCE ENERGY USAGE FOR ELIGIBLE CUSTOMERS**.

UGI Comments at 6.

PECO recommends that the definition of "health and safety measure" include a requirement that the measure be intended to enable installations that will reduce a customer's energy usage. PECO Comments at 2.

OCA states that it is unclear why an ESP is included in the proposed definition of a health and safety measure, who are in homes only for the installation of program measures. OCA recommends that the PUC either remove the reference to ESPs from the definition or clarify why ESPs are included as beneficiaries of health and safety measures. OCA recommends interpreting the definition of "health and safety measures" broadly to include any program measures necessary to maintain and protect a dwelling, including pest remediation. OCA Comments at 8 and 18-19.

Stakeholder Reply Comments on "Health and safety measure"

EAP supports OCA's recommendation to broaden the interpretation of the "health and safety measure" definition to include actions essential for maintaining and safeguarding the physical well-being and comfort of the occupants of a dwelling. While EAP supports this expansion, it asserts that it should be connected directly to another necessary weatherization measure, noting that LIURP funds should not be used exclusively for health and safety measures separate from weatherization work. EAP RC at 6, citing OCA Comments at 19.

OCA opposes UGI and PECO's suggested revisions to the definition of "health and safety measure," noting that it would narrow the scope of health and safety measures. Specifically, OCA disagrees with PECO's assertion that health and safety measures should be intended to enable installations that will reduce a customer's energy usage. OCA submits that this limitation could exclude health and safety measures such as installation of a smoke detector or carbon monoxide detector, noting that their installation may not directly impact the ability to install program measures even though the installation would impact the overall health and safety of the occupants in the dwelling. OCA recommends that the PUC reject UGI and PECO's recommendations and adopt OCA's proposed revisions. OCA RC at 11—14, citing UGI Comments at 6-7 and PECO Comments at 2-3.

Disposition on "Health and safety measure"

As previously noted, we proposed to define the term "health and safety measure" in conjunction with the proposed § 58.12, which establishes criteria and services for installing health and safety measures. Regarding OCA's concerns with including "ESP" in the definition of health and safety measure, we clarify that a health and safety measure may be needed to protect the physical well-being of the occupants as residents in the dwelling or to protect the ESPs while they are performing the LIURP job or both. This includes addressing health and safety hazards in a dwelling that make it unsafe to perform weatherization work (e.g., excessive mold, structural issues, carbon monoxide leaks). Accordingly, we have revised the definition of "health and safety measure" in the final-form regulation as follows:

> ***Health and safety measure*—A program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling, or an ESP WHILE PERFORMING A LIURP JOB, or both.**

"Impact evaluation"

In the 2023 NOPR, we proposed this definition consistent with the definition of "impact evaluation" in §§ 54.72 and 62.2. We noted that this proposed definition uses "universal service" to describe "program." 2023 NOPR Preamble at 22.

Stakeholder Comments on "Impact evaluation"

UGI recommends revising the definition of "impact evaluation" by replacing "universal service program" with "LIURP" to ensure consistency with the purpose of the 2023 NOPR. UGI Comments at 7.

Disposition on "Impact evaluation"

We decline to adopt UGI's recommendation to replace the word "universal service program" with "LIURP." Sections 54.71—54.78 and 62.1—62.8, for EDCs and NGDCs respectively, address universal service and energy conservation programs and the reporting requirements for those programs. A LIURP is a universal service program. The term "universal service program," as defined in § 58.2 and used in § 58.14a, was not proposed to refer exclusively to a LIURP. A LIURP is but one of the mandatory universal service programs in a USECP that is subject to an impact evaluation. The proposed definition appropriately reflects that an impact evaluation evaluates one or more universal service programs, including a LIURP. We conclude that the proposed definition adequately and appropriately defines the term "impact evaluation" for the final-form regulation. Accordingly, we retain the proposed definition of "impact evaluation" from the 2023 NOPR in the final-form regulation.

"LIURP—Low-Income Usage Reduction Program"

In the 2023 NOPR, this proposed definition identifies "LIURP" as a universal service program that provides energy usage reduction services, health, safety and com-

[38] See DOE's Weatherization Program Notice 17-7: Weatherization Health and Safety Guidance (issued on August 9, 2017), at 2. https://www.energy.gov/sites/default/files/2017/08/f35/WPN%2017-7%20H%26S%208.9.17.pdf (accessed on December 2, 2024). This policy is also consistent with the guidance given to WAP agencies in the most recent Weatherization Program Notice 22-7: Weatherization Health and Safety (issued on December 15, 2021) at 2. https://www.energy.gov/sites/default/files/2021-12/wpn-22-7.pdf (accessed on December 2, 2024).

fort services, conservation education services, or a combination of such services to eligible customers. 2023 NOPR Preamble at 23.

IRRC Comments on "LIURP"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of LIURP should be amended to be consistent with the definitions in §§ 54.72 and 62.2. IRRC Comments at 5.

Stakeholder Comments on "LIURP"

UGI recommends aligning the proposed definition of LIURP with the existing definitions in §§ 54.72 and 62.2. UGI recommends LIURP be defined as follows:

> ***LIURP—Low-Income Usage Reduction Program*—A universal service program, as approved by the Commission, [~~that provides energy usage reduction services, health, safety and comfort services, conservation education services or a combination of these services for an eligible customer~~] DESIGNED TO HELP ELIGIBLE CUSTOMERS CONSERVE ENERGY AND REDUCE RESIDENTIAL ENERGY BILLS**.

UGI alternatively recommends that the definition refer to the definitions of LIURP in § 54.72 for EDCs and § 62.2 for NGDCs. UGI Comments at 7.

Stakeholder Reply Comments on "LIURP"

OCA supports the proposed definition of "LIURP." OCA disagrees with UGI's suggested revisions, asserting that UGI's proposal would narrow the definition of "LIURP." OCA recommends that the PUC reject UGI's recommendations. OCA RC at 14-15, citing UGI Comments at 7.

Disposition on "LIURP"

We decline to adopt either of UGI's recommended modifications to the definition of LIURP. The proposed definition builds on the existing definitions in §§ 54.72 and 62.2 to more appropriately reflect the purpose and functions of a LIURP. The Electric Competition Act requires that the PUC "must, at a minimum, continue the protections, policies and services that now assist customers who are low-income to afford electric service." 66 Pa.C.S. § 2802(10). The Natural Gas Competition Act requires that the PUC "shall, at a minimum, continue the level and nature of the consumers protections, policies and services within its jurisdiction that are in existence as of the effective date of this chapter to assist low-income retail gas customers to afford natural gas services." 66 Pa.C.S. § 2203(7). The definitions of "LIURP" in §§ 54.72 and 62.2 date from 1998 and 2000, respectively. The definition of "LIURP" proposed in the 2023 NOPR reflects the understanding, purpose, and impact of LIURPs as they have evolved in public-utility-specific USECPs, consistent with §§ 2203 and 2802 of the Public Utility Code, 66 Pa.C.S. §§ 101—3316, which established minimum standards for universal services, through the periodic process of reviewing and approving specific LIURP proposals, counterproposals, and impacts of LIURP.

While definitions do not contain operative language, we agree with OCA that both of UGI's recommendations should be rejected. UGI's recommendations do not reflect the range of what a LIURP may encompass. Accordingly, we retain the proposed definition of "LIURP" from the 2023 NOPR in the final-form regulation.

"LIURP Advisory Committee"

In the 2023 NOPR, we proposed a definition for "LIURP Advisory Committee" consistent with the amendments proposed in existing § 58.16. We explained in the 2023 NOPR Preamble that similar to the function of public utility Universal Service Advisory Committees (USAC), the purpose of a LIURP Advisory Committee is for a public utility to consult with and receive feedback from stakeholders regarding its LIURP. 2023 NOPR Preamble at 25.

Stakeholder comments and reply comments on "LIURP Advisory Committee"

The stakeholders did not offer substantive comments and reply comments specifically referring to the definition of "LIURP Advisory Committee" but raised questions and concerns about how such a committee could or should work independently of a USAC in comments and reply comments to § 58.16.

Disposition on "LIURP Advisory Committee"

As noted, the term "LIURP Advisory Committee" was used in the proposed regulations consistent with the amendments proposed in existing § 58.16. Based on our considerations of stakeholder comments to § 58.16, we have revised final form § 58.16 to require public utilities to consult with their USAC on program services. Therefore, the term "LIURP Advisory Committee" is no longer used in the FFRO regulations consistent with this change. Accordingly, we have removed the definition of "LIURP Advisory Committee" from the final-form regulation.

"LIURP budget"

In the 2023 NOPR, we proposed a definition for "LIURP budget" because this term is referenced throughout the regulations. The term is defined as "[t]he expected cost of providing program services in a given program year, as approved in a USECP proceeding." 2023 NOPR Preamble at 20.

IRRC Comments on "LIURP budget"

IRRC notes that stakeholders have expressed concerns about proposed amendments to various sections related to LIURP regulations, particularly regarding the new definition of "LIURP budget" and changes to existing language. IRRC asserts that the new definition and the proposed changes to existing language would alter the way LIURPs are reviewed, approved, and modified. IRRC requests a detailed explanation of the need for the proposed changes and suggests that the PUC consider alternative approaches. IRRC also urges the PUC to ensure the proposed changes align with existing LIURP provisions. IRRC Comments at 3-4.

Stakeholder Comments on "LIURP budget"

UGI recommends amending the definition to provide more clarity to the definition, as follows:

> ***LIURP budget*—The expected cost of providing program services, AS SPECIFIED IN § 58.4, in a given program year, as approved in a USECP proceeding.**

UGI Comments at 8.

CAUSE-PA submits that the PUC's proposal contradicts statutory mandates, interferes with due process, and

would restrict the PUC's ability to effectively oversee universal service programs. CAUSE-PA recommends the following amendments to the definition of LIURP budget:

***LIURP budget*—The expected cost of providing program services in a given program year, as approved [~~in a USECP proceeding~~] BY THE COMMISSION.**

CAUSE-PA Comments at 25.

OCA asserts that USECP proceedings are insufficient to address all the complexities of universal service issues or do not afford parties with enough due process protections and would conflict with the provisions of the Public Utility Code dealing with rates. OCA Comments at 8-9.

Stakeholder Reply Comments on "LIURP budget"

CEO & PAWPTF support OCA and CAUSE-PA's recommendations to remove the language "as approved in a USECP proceeding" from the definition. CEO & PAWPTF oppose limiting LIURP budget reviews to USECP proceedings. CEO & PAWPTF RC at 2.

Disposition on "LIURP budget"

As addressed in more detail in our disposition to § 58.4, we have considered the questions and concerns raised by stakeholders and IRRC of how the proposed language in the LIURP regulations would restrict the ability of public utilities and stakeholders to propose modifications to a LIURP budget in non-USECP proceedings.

Similar to our revisions in other sections of Chapter 58, we have, however, revised the proposed definition to reflect that LIURP budgets may be modified with Commission approval. This clarifies that these revisions may be proposed through USECP proceedings and through non-USECP proceedings, such as a base rate proceeding. Noting that a LIURP proceeding is a PUC proceeding that is subject to Commission approval, modification, or disapproval, we decline to modify the definition of LIURP budget as proposed by UGI, but we have adopted CAUSE-PA's recommended modifications which are consistent with the amendments in § 58.4. Accordingly, we have revised the definition of "LIURP budget" in the final-form regulation as follows:

***LIURP budget*—The expected cost of providing program services in a given program year, as approved [~~in a USECP proceeding~~] BY THE COMMISSION.**

"LIURP job"

In the 2023 NOPR, we proposed the definition to clarify LIURP-specific terms and services used within Chapter 58. We noted that this term refers to program services provided by an ESP, which can include an energy audit, installation or modification of program measures, energy conservation education, and inspecting the dwelling upon completion. 2023 NOPR Preamble at 23.

Stakeholder Comments on "LIURP job"

UGI recommends modifying the definition of "LIURP job" as follows:

***LIURP job*—The act of providing program services to a dwelling by an ESP, which can include an energy audit, installation or modification of program measures, energy conservation education and testing THE EFFICIENCY OF the dwelling upon completion OF THE LIURP JOB.**

UGI Comments at 8.

Disposition on "LIURP job"

We have adopted UGI's recommendation to include the term "efficiency" in the final-form definition. However, we decline to include the phrase "of the LIURP job" in the definition as proposed by UGI. Including the term "LIURP job" within the definition as clarification would be unnecessary. We have replaced the term "testing" with "inspecting" for consistency. We also added a comma between "education" and "and" for clarity. Accordingly, we have revised the definition of "LIURP job" in the final-form regulation as follows:

***LIURP job*—The act of providing program services to a dwelling by an ESP, which can include an energy audit, installation or modification of program measures, energy conservation education, and [~~testing~~] INSPECTING the dwelling FOR EFFICIENCY upon completion.**

"Low-income customer"

In the 2023 NOPR, we proposed to amend this definition consistent with the definition of "low-income customer" in §§ 62.2 and 69.262. 2023 NOPR Preamble at 25.

Stakeholder Comments on "Low-income customer"

OCA suggests that the definition for low-income customer be amended to increase the income threshold from 150% to 200% of FPIG and that the income threshold for special needs be increased to 300% of FPIG. It avers that there is limited assistance available to households above 150% of FPIG and that offering access to usage reduction programs for households from 150% to 300% of FPIG would assist with the difficulties felt by many households not traditionally defined as low-income. OCA cites the United Way's Asset Limited, Income Constrained, Employed (ALICE)[39] data for Pennsylvania as support for its proposed income limit increases. OCA Comments at 10—14.

Stakeholder Reply Comments on "Low-income customer"

PPL opposes OCA's suggestion to modify the proposed definition of a "low-income customer" by increasing the household income limits from 150% to 200% of the FPIG and increasing the income limit for a special needs customer from 200% to 300% of the FPIG. PPL notes that this change would drastically increase the number of customers qualifying for LIURP and would either reduce program services for those in most financial distress or result in significant program budget increases passed onto residential customers. PPL RC at 2, citing OCA Comments at 10—16.

EAP argues that OCA's suggestion to change the definition of "low-income customers" to those with incomes at or below 200% of the FPIG could disrupt cross-eligibility for other programs and increase program costs significantly. EAP asserts that this change could also overwhelm LIURPs, as it would potentially increase eligible recipi-

[39] ALICE data, https://www.unitedforalice.org/state-overview/pennsylvania. OCA Comments at 10, fn 3.

ents in Pennsylvania by over 900,000. EAP RC at 4, citing OCA Comments at 10—14.

Disposition on "Low-income customer"

We agree with EAP and PPL that either increasing the income eligibility threshold from 150% to 200% of the FPIG for a customer to be considered "low-income" or increasing the income eligibility threshold from 200% to 300% of the FPIG for a special needs customer would significantly increase the number of customers eligible for LIURP, which could strain LIURP resources, increase costs, and reduce program services available to the lowest income households. Therefore, we decline to adopt OCA's suggestion to increase the income thresholds in LIURP for low-income customers and special needs customers as suggested. Accordingly, we retain the proposed definition of "Low-income customer" from the 2023 NOPR in the final-form regulation.

"NGDC"

We have revised the definition of "NGDC" as follows to reflect that Chapter 14 has sunset as of the drafting of December 31, 2024:

***NGDC—Natural gas distribution company*—A public utility providing jurisdictional natural gas distribution service as defined in 66 Pa.C.S. § 2202 (relating to definitions). This term is synonymous with natural gas distribution utility (NGDU) as defined in [~~66 Pa.C.S. § 1403~~] 52 PA. CODE § 56.2 (RELATING TO DEFINITIONS). This term includes a regulated CNGDO for universal service and energy conservation purposes under 66 Pa.C.S. § 2212(c) (RELATING TO CITY NATURAL GAS DISTRIBUTION OPERATIONS).**

"Payment-troubled customer"

In the 2023 NOPR, we proposed this definition to identify any customer with an arrearage or who has failed to maintain one or more payment arrangements in a one-year period as a "payment-troubled customer." 2023 NOPR Preamble at 20.

IRRC Comments on "Payment-troubled customer"

Based on stakeholder comments, IRRC requests that the PUC explain if the proposed definition of "payment-troubled customer" should be consistent with definition of "payment troubled" found in §§ 54.72 and 62.2. IRRC further requests clarification on whether the inclusion of criteria based on arrearages is appropriate. IRRC Comments at 5.

Stakeholder Comments on "Payment-troubled customer"

UGI recommends aligning the definition of "payment troubled customer" with the existing definition in §§ 54.72 and 62.2, which identifies customers as payment troubled only if they fail to maintain one or more payment arrangements in a one-year period. UGI questions the suitability of including arrearage as a new criterion, arguing that historically many public utility payments are received after service termination notices are issued or to obtain service reconnection made after a service termination. UGI asserts that this fact suggests that carrying an arrearage may not accurately indicate an inability to pay or that customers with arrearages are necessarily payment troubled. UGI Comments at 8.

Stakeholder Reply Comments on "Payment-troubled customer"

OCA opposes UGI's suggested amendments to the definition of "payment-troubled customer" and recommends that the PUC deny UGI's suggestion. OCA disagrees with UGI's assertion that an arrearage is not verification of an inability to pay since customers are able to put together payments after receiving termination notices or to obtain reconnections. OCA RC at 15—18, citing UGI Comments at 8.

Disposition on "Payment-troubled customer"

We proposed this definition in the 2023 NOPR: "Payment-troubled customer—A customer who has an arrearage or has failed to maintain one or more payment arrangements in a one-year period." IRRC questions whether the proposed definition is consistent with the definitions of "payment troubled" in §§ 54.72 and 62.2 and whether "arrearages" should be an element of determining whether a customer is payment-troubled. Sections 54.72 and 62.2 define "payment troubled" as "[a] household that has failed to maintain one or more payment arrangements in a 1-year period." Those sections defined the term in 1998 and 2000, respectively, "payment troubled" was not previously defined in Chapter 58.

The CAP Policy Statement (2020) recommends that public utilities use these definitions:

> *Low-income customers*—A residential utility customer whose annual gross household income is at or below 150% of the FPIG.
>
> *Low-income payment-troubled customers*—Low-income customers who have arrears or failed to maintain one or more payment arrangements.

52 Pa. Code § 69.262 (relating to definitions).

The only difference between the proposed Chapter 58 definition and the existing definitions in §§ 54.72 and 62.2 is the addition of an alternative criterium that the customer "has an arrearage." Throughout the myriad public-utility-specific USECP reviews, the question of the relationship between having an arrearage and being payment-troubled has come up several times. The most recent articulation by the PUC was in our CAP Policy Statement (2020). While a policy statement is not a binding norm, it can serve to provide guidance. The definition of "low-income payment-troubled customers" in the CAP Policy Statement (2020) reflects the reality that, for a variety of reasons, some customers with arrears may never seek a payment arrangement.

UGI bases its objection to the proposed definition because historically many of its customers make payments to address outstanding balances after service termination notices are issued or to obtain service reconnection made after a service termination. However, we agree with OCA that a customer's ability to pay off an arrearage before or after a public utility service termination is not always an indication of the customer's ability to pay the household's monthly public utility bill. Therefore, we decline to incorporate UGI's suggestion into the final-form definition.

Accordingly, we retain the proposed definition of "payment-troubled customer" from the 2023 NOPR in the final-form regulation.

"Program measure"

In the 2023 NOPR, we proposed to amend the existing definition of "program measure" to clarify that it includes all related measures (e.g., health and safety measures, incidental repairs, fuel switching) installed and work performed on a dwelling under Chapter 58. 2023 NOPR Preamble at 26.

Stakeholder Comments on "Program measure"

UGI recommends amending the proposed definition of "program measure" as follows:

Program **[** ***measures*** **]** ***measure*—An [Installations which are designed to reduce energy consumption] installation and other work performed on a dwelling DESIGNED TO REDUCE ENERGY CONSUMPTION under this chapter**.

UGI Comments at 8.

CAUSE-PA supports the amendments as it expands the existing definition to allow for installation of health and safety measures and other measures that support home comfort. CAUSE-PA states that broadening this definition would allow public utilities to remediate ancillary non-energy issues to facilitate delivery of comprehensive efficiency measures. CAUSE-PA Comments at 26.

Stakeholder Reply Comments on "Program measure"

OCA opposes UGI's proposed amendment to the definition of program measure, asserting it would impact the ability of a public utility to achieve its LIURP goals and potentially restrict the implementation of health and safety measures, incidental repairs, fuel switching, or de facto heating remedies. OCA recommends that the PUC deny the proposal. OCA RC at 18-19, citing UGI Comments at 8.

Disposition on "Program measure"

We clarify that the term "program measure" is indicative of all measures within the scope of LIURP necessary to facilitate and/or support energy conservation and efficiency and/or health and safety.

Thus, we agree with OCA and CAUSE-PA's arguments for maintaining the definition of program measure as proposed. Therefore, we decline to incorporate the suggestion of UGI. Accordingly, we retain the proposed definition of "Program measure" from the 2023 NOPR in the final-form regulation.

"Program service"

In the 2023 NOPR, we proposed to amend the existing definition to clarify that "program services" are LIURP related services that are offered or performed by a public utility or ESP under Chapter 58. 2023 NOPR Preamble at 26.

Stakeholder Comments on "Program service"

UGI recommends amending the definition of "program service" as follows:

Program **[** ***services*** **]** ***service*—[Services] A service** offered or **work** performed by **a [covered] public** utility or its **[agent] ESP** under this chapter **TO ADMINISTER OR IMPLEMENT A PROGRAM MEASURE** under this chapter.

UGI Comments at 9.

Stakeholder Reply Comments on "Program service"

OCA is not opposed to the proposed definition of "program service." However, it does have concerns if UGI's suggestions for "program service" are combined with UGI's suggested modifications for "program measure." OCA submits that both changes combined would limit what service or work could be performed by a public utility or an ESP. OCA RC at 19, citing UGI Comments at 8.

Disposition on "Program service"

We agree with OCA that the combined effect of UGI's suggestions for "program measure" and "program service" would be problematic. We previously noted that the term "program measure" is indicative of all the necessary measures within the scope of LIURP. Thus, a program measure is within the purview of program services, which encompasses both the non-measures and the work (i.e., the measures) performed under Chapter 58. Therefore, we decline to adopt UGI's proposed revisions to the definition of "program service." Accordingly, we retain the proposed definition of "program service" from the 2023 NOPR in the final-form regulation.

"Public utility"—Replacing "Covered utility"

In the 2023 NOPR, we proposed this term to replace the term "covered utility," that identifies public utilities subject to the existing regulations based on specific annual sales thresholds (i.e., 750 million kilowatt-hours for EDCs and 10 billion cubic feet of natural gas for NGDCs). We explained that the proposed definition is consistent with 52 Pa. Code §§ 54.77 and 62.7, which specify that only EDCs serving at least 60,000 residential customers and NGDCs serving at least 100,000 residential customers are subject to universal service program and reporting requirements. 2023 NOPR Preamble at 28.

Stakeholder Comments on "Public utility"

CAUSE-PA asserts that the proposed definition is unnecessarily restrictive and should not exempt public utilities from their duty to ensure gas and electric services are universally accessible to residents in their service territory. CAUSE-PA notes that the definitions of EDC at 66 Pa.C.S. § 2803 and NGDC at 66 Pa.C.S. § 2202 are not limited by residential customer counts. CAUSE-PA adds that both Competition Acts require that universal service and energy conservation policies, activities and services are appropriately funded and, at minimum, maintained at a level prior to the Competition Acts. CAUSE-PA states that while small EDCs and NGDCs did not have LIURPs in place when the Competition Acts were passed, this mandate did not restrict the PUC from ensuring reasonable growth of these programs. CAUSE-PA submits that customers who reside in smaller service territories should have equitable access to the same kinds of universal service programs as customers who reside in larger service territories. CAUSE-PA proposes to broaden the definition as follows:

Public utility—**An EDC or NGDC serving residential customers under the jurisdiction of the Public Utility Commission.**

~~**[(1) An EDC with at least 60,000 residential customers.**~~

~~**(2) A NGDC with at least 100,000 residential customers.]**~~

CAUSE-PA Comments at 26—28.

Stakeholder Reply Comments on "Public utility"

EAP opposes CAUSE-PA's proposal to broaden the definition of public utility by eliminating the current customer count thresholds. EAP asserts such an expansion should not be done without a corresponding cost-benefit analysis to assess the financial impact on small utility ratepayers. EAP RC at 5, citing CAUSE-PA Comments at 26—28.

C&T Companies support the PUC's proposal to eliminate "covered utility" and replace with the definition of "public utility" that would mirror the universal service reporting requirements under §§ 54.77 and 62.7. C&T Companies also support EAP's opposition to CAUSE-PA's proposal to modify the definition of "public utility." C&T Companies note that they would be uniquely impacted by CAUSE-PA's suggested change as they do not currently qualify as "covered utilities" under the existing LIURP regulations and therefore do not maintain a LIURP. C&T Companies state that they work with customers to connect them with bill payment assistance programs and local weatherization organizations and promote energy and gas conservation in a manner appropriate to their service territories. C&T Companies RC at 1—4, citing CAUSE-PA Comments at 26—28.

C&T Companies assert that adding small public utilities to the LIURP regulations is unnecessary and would result in additional costs for residential customers served by small utilities. C&T Companies request that the PUC reject CAUSE-PA's proposed modification to the definition of "public utility." C&T Companies RC at 4-5.

Disposition on "Public utility"

We agree with C&T Companies and EAP regarding CAUSE-PA's proposed modifications to the definition of "public utility." The Competition Acts do not require smaller public utilities who did not administer LIURPs when the Competition Acts were passed to offer these programs then or now. The PUC has not previously required by regulation or order that they do so. We also note that CAUSE-PA's proposed modifications are inconsistent with the definition of "NGDC" in § 2202, which excludes a natural gas company that has less than $6 million in annual operating revenue or that is not connected to an interstate gas pipeline. Further, a LIURP is not offered in a vacuum but rather in conjunction with the public utility's CAP, CARES, and hardship fund.

We conclude that it is appropriate to maintain the minimum residential ratepayer count as specified in §§ 54.77 and 62.7 for public utilities that are required to administer LIURPs as the cost of these programs are recovered from these ratepayers. Accordingly, we decline to adopt CAUSE-PA's proposed modifications to the definition.

We note that § 2212, 66 Pa.C.S. § 2212 (relating to city natural gas distribution operations), provides that the Natural Gas Competition Act applies to the public utility service of a city natural gas distribution operation (CNGDO) with the same force as if the CNGDO were a public utility under 66 Pa.C.S. § 102. Further, upon the request of the CNGDO, the PUC may suspend or waive the application to the CNGDO of any provision of the Public Utility Code, including any provision of this Chapter 22 other than 66 Pa.C.S. § 2212. Accordingly, we retain the proposed definition of "public utility" from the 2023 NOPR in the final-form regulation.

"Residential electric baseload customer"

In the 2023 NOPR, we proposed to replace the term "residential high use electric baseload customer" with "residential electric baseload customer." The proposed new term would clarify that "baseload" electric usage does not include electric service for heating purposes. The proposed term as defined would have eliminated the existing provision that identifies electric baseload "high-use" as usage greater than 125% of the average residential baseload customer. This would provide a public utility flexibility to establish its own threshold for high-usage for residential electric baseload accounts, subject to PUC approval. 2023 NOPR Preamble at 26.

IRRC Comments on "Residential electric baseload customer"

Based on stakeholder comments, IRRC requests that the PUC explain if space cooling should be added to the proposed definition of "residential electric baseload customer." IRRC Comments at 5.

Stakeholder Comments on "Residential electric baseload customer"

CAUSE-PA supports the PUC's proposal to eliminate the reference to thresholds for high use in the definition of "residential electric baseload customer." CAUSE-PA asserts that the new term and definition would help ensure that program services are available to low-income customers with smaller living spaces typically excluded from LIURP even when their usage is high compared to a similarly sized dwelling. CAUSE-PA recommends adding "space-cooling" to the definition, as follows:

> ***Residential*** **[** ***high use*** **]** ***electric baseload customer*****—A residential customer [of a covered utility utilizing] using [the] electric service [provided by the covered utility for] from the EDC for purposes other than [nonspace heating] space-heating, SPACE COOLING or [nonwater heating] water-heating [end uses such as lighting and major and minor appliance usage and utilizing greater than 125% of the usage of the covered utility's average residential baseload customer].**

CAUSE-PA Comments at 29—31.

Stakeholder Reply Comments on "Residential electric baseload customer"

PECO opposes removing high-usage as a fundamental eligibility requirement for LIURP. PECO avers that LIURP funds should be spent almost exclusively on usage reduction for high-usage customers, with any other goals being secondary. PECO RC at 4.

Disposition on "Residential electric baseload customer"

Consistent with other definitions in § 58.2 and with §§ 58.13a and 58.14 of the final-form regulation, we have included the term "space-cooling" as suggested by some stakeholders and queried by IRRC. This change reflects that, under the existing regulations and the final-form LIURP regulations, a public utility may provide eligible customers with year-round energy efficiency benefits such as repairing or replacing heating and cooling systems in appropriate circumstances. We note that the primary focus of LIURP is energy usage reduction.

Further, we acknowledge PECO's concern about removing "high-use" as a fundamental eligibility requirement for LIURP and are persuaded to retain the existing term "high-use." We clarify that a public utility will continue to have the flexibility to establish its own threshold for high use in its LIURP, subject to PUC approval. Therefore, we have retained the term "high-use" in this definition in the final-form regulation.

Accordingly, we have revised the definition of "residential electric baseload customer" in the final-form regulation as follows:

Residential **[*high use*]** ***HIGH-USE*** *electric baseload customer*—A residential customer **[of a covered utility utilizing]** **using** **[the]** electric service **[provided by the covered utility for]** **from the EDC for purposes other than** **[nonspace heating]** **space-heating, SPACE-COOLING,** or **[nonwater heating]** **water-heating** **[end uses such as lighting and major and minor appliance usage and utilizing greater than 125% of the usage of the covered utility's average residential baseload customer]**.

"Residential space-heating customer"

In the 2023 NOPR, we proposed amendments reflective of the relative changes to the primary heating source for the dwelling. We proposed to remove language from the definition that identified a residential customer with an inoperable natural gas furnace as a space-heating customer because that usage would now be categorized as de facto heating. 2023 NOPR Preamble at 26.[40]

IRRC Comments on "Residential space-heating customer"

Based on stakeholder comments, IRRC requests that the PUC explain if "space-cooling" should be added to the term "residential space-heating customer" and if it should be included in the definition. IRRC Comments at 5.

Stakeholder Comments on "Residential space-heating customer"

CAUSE-PA urges the PUC to ensure that a LIURP can address high usage associated with both space-heating and space-cooling. CAUSE-PA states that cooling has become an urgent and growing need due to increasing temperatures and prolonged periods of extreme heat in summer months. CAUSE-PA and EJA recommend including space-cooling in the term and definition of "residential space-heating customer." CAUSE-PA Comments at 30—32; EJA Comments at 5.

CAUSE-PA recommends amending the term and definition as follows:

Residential **[*space heating*]** ***space-heating OR SPACE-COOLING*** *customer*—A residential customer **[of the covered utility utilizing]** **using** the electric or **natural** gas service provided by the **[covered]** **public** utility as the primary heating **OR COOLING** source for the **[customer's residence. The term includes customers with gas furnaces that have historically been used for heating but may not currently be operable]** **dwelling**.

CAUSE-PA Comments at 30—32.

[40] As noted above, we have begun using hyphens in compound adjectives.

Disposition on "Residential space-heating customer"

We recognize that cooling is a home energy need and have included "space-cooling" in the definition, as suggested by stakeholders and queried by IRRC. Consistent with other final-form definitions and references in §§ 58.2, 58.13a, and 58.14, the intention of the existing and the proposed LIURP regulations is to provide eligible customers with year-round energy efficiency benefits such as repairing or replacing heating and cooling systems in appropriate circumstances. Therefore, we have adopted a modification of CAUSE-PA's recommendations. Accordingly, we have revised the term and definition of "residential space-heating customer" in the final-form regulation, as follows:

Residential **[*space heating*]** ***space-heating OR SPACE-COOLING*** *customer*—A residential customer **[of the covered utility utilizing]** **using** the electric or **natural** gas service provided by the **[covered]** **public utility** as the primary heating source **OR PRIMARY COOLING** SOURCE for the **[customer's residence. The term includes customers with gas furnaces that have historically been used for heating but may not currently be operable]** **dwelling.**

"Special needs customer"

In the 2023 NOPR, we proposed to amend the existing definition to clarify that a "special needs customer" is a customer with household income between 151% and 200% of the FPIG and with a household member or members meeting any of the following criteria:

- Is age 62 and over or age five and under.
- Needs medical equipment.
- Has a disability.
- Is under a protection from abuse order.
- Is otherwise defined as a special needs customer under the public utility's approved USECP.

The existence of a household arrearage would no longer be the sole criterium for qualification as a special needs customer. We explained that with the exception of a household member who is a young child, the demographics and conditions related to the special needs designation for a household member are consistent with existing approved provisions in public utility USECPs.[41] The designation of a household with a young child as "special needs" is consistent with the definition of a "vulnerable household" in DHS' 2023 LIHEAP State Plan at § 601.3 (relating to definitions).[42] 2023 NOPR Preamble at 27.

IRRC Comments on "Special needs customer"

Based on stakeholder comments, IRRC requests that the PUC respond to the following questions regarding the proposed definition for special needs customer:

- Could the FPIG threshold be raised to 300%?
- Could the reference to "protection from abuse" be expanded to include other court orders that contain clear evidence of abuse?

[41] See, e.g., FirstEnergy PA 2019-2021 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (filed on June 24, 2019), at 19. See also NFG 2022—2026 USECP, Docket No. M-2021-3024935 (filed on June 14, 2022), at 33.

[42] https://www.dhs.pa.gov/Services/Assistance/Pages/LIHEAP.aspx (assessed on December 3, 2024).

• How will public utilities be able to determine the need status of their customers and implement the requirements of the regulation?

• Could the definition be aligned with the Department of Human Services' (DHS') definition of "vulnerable household"?

• Would the definition expand the number of eligible households and redirect resources away from others in need of LIURP?

• Explain what is meant by "medical equipment"?

IRRC Comments at 5-6.

Stakeholder Comments on "Special needs customer"

Duquesne expresses concern with expanding the definition of special needs customer, particularly the inclusion of household members aged five and under. Duquesne notes that this could significantly increase the number of eligible households for LIURP, potentially diverting resources from those with greater needs. Duquesne asserts that the current definition, based on income and demonstrated inability to pay, is appropriate. Duquesne submits that if the PUC considers expanding this definition, it must assess the costs and benefits of expanding LIURP eligibility. Duquesne Comments at 5.

PECO and TURN support providing program services to eligible customers up to 200% FPL under the current definition of "special needs customer." However, PECO states that the proposed revised definition of "special needs customer" includes new criteria that is beyond the scope of information regularly collected by public utilities. PECO states that it would not have access to certain qualifying information unless a customer chooses to share that information with PECO. PECO also believes that the proposed revised definition may restrict a public utility's ability to seek out high-usage customers between 151% and 200% of the FPIG for program measures. TURN notes that increasing eligibility to 200% of FPIG for all would require significant funding increases. PECO Comments at 2-3; TURN Comments at 8.

Duquesne and PECO recommend maintaining the existing definition of "special needs customer." Alternately, Duquesne recommends allowing flexibility for an alternate definition in the public utility-specific USECPs. Duquesne Comments at 5; PECO Comments at 3.

EAP, NFG, and PPL recommend that if the PUC wants the definition of "special needs customer" to align LIURP with the DHS definition of a "vulnerable household," it should include only the criteria that "at least one member who is elderly (age 60 or over), disabled, or age five and under." PPL asserts that alignment across LIURP and LIHEAP will reduce customer confusion and should lead to more efficient and consistent implementation by EDCs. NFG argues that the proposed expanded definition of "special needs customer" diverges from LIURP's core goal of providing weatherization measures to low-income customers and would add complexity to the administration of the program. NFG notes its concerns that serving these customers would require public utilities to establish processes for vetting and verifying individuals within the various qualifying classes. Moreover, NFG submits that it would need to design custom reporting tools to analyze relevant metrics, incurring additional IT and administrative costs. EAP Comments at 10—12; NFG Comments at 4-5; PPL Comments at 4.

Duquesne expresses concern with using "medical equipment" as a special needs criterion. Duquesne states that this term could be interpreted broadly, potentially deterring resources away from those with a greater need. EAP suggests that if disability or medical device necessity status is to be retained as a special needs designation, public utilities need clearer methods to determine this information. Duquesne notes that public utilities may face limitations in reducing consumption at residences that use medical equipment. Duquesne recommends that the definition of a special needs customer should clearly specify what is considered medical equipment and should only apply to customers over the age of 62 or with a disability as defined under the Americans with Disabilities Act (ADA). Duquesne asserts that these requirements maintain appropriate focus, ensure proper fund allocation, and prevent budget increases. EAP proposes adding clarifying language, such as requiring source of income documentation or confirming an active medical certificate on the customer's account during the LIURP application process. EAP submits that currently many public utilities do not include these additional demographic questions in their LIURP applications and eligibility processes. Duquesne Comments at 5-6; EAP Comments at 10—12.

CAUSE-PA supports the proposed amendments to more clearly define the categories of customers that must be included as a special needs customer. CAUSE-PA states that the amended definition provides a floor for public utilities to extend LIURP to key groups of special needs customers while providing public utilities with flexibility to add additional categories of special needs customers that may be identified. CAUSE-PA contends that removing the arrearage requirement will expand services available to customers in need. CAUSE-PA adds that including a broader range of special needs customers should not erode the availability of services available to low-income households. CAUSE-PA Comments at 32-33.

CAUSE-PA notes that the proposed definition only includes victims of domestic violence with a Protection from Abuse Order and states that this is misaligned with the statutory protections available to victims of domestic violence with a Protection from Abuse Order or other court order that contains clear evidence of domestic violence. CAUSE-PA urges the PUC to amend the proposed definition as follows:

> *Special needs customer*—A customer whose household income is between 151% and 200% of the FPIG with one or more household members who meet any of the following criteria:
>
> • Are age 62 and over or age five and under.
>
> • Need medical equipment.
>
> • Have a disability.
>
> • Are under a protection from abuse order or **OTHER COURT ORDER THAT CONTAINS CLEAR EVIDENCE OF DOMESTIC VIOLENCE**.
>
> • Are otherwise defined as a special needs customer under the public utility's approved USECP.

CAUSE-PA Comments at 32-33.

OCA suggests increasing the income limits for a special needs customer from 200% to 300% of the FPIG. OCA recommends that public utilities be required to treat all residential customers within 200% to 300% of the FPIG as potentially eligible special needs customers and to use the vulnerabilities listed in the definition to prioritize them for LIURP. OCA Comments at 14-15.

Stakeholder Reply Comments on "Special needs customer"

Duquesne, EAP, PECO, and PPL oppose OCA's recommendation to expand LIURP eligibility to include customers with incomes from 200% to 300% FPIG as special needs customers. Duquesne and PPL argue that increasing the pool of eligible customers will deplete LIURP budgets more quickly. EAP adds that special needs should not be considered a separate eligibility category from income qualification as LIURP is inherently aimed at low-income customers. Duquesne, PECO, and PPL claim that increasing the eligibility threshold would either reduce LIURP support for lower income customers or result in significant budget increases that are borne by other customers. Duquesne recommends maintaining LIURP's current income thresholds. Duquesne Letter in Lieu of RC at 1-2; EAP RC at 5; PECO RC at 5-6; PPL RC at 2 citing OCA Comments at 10—16.

OCA submits that EAP's proposal to include only DHS' parameters for a vulnerable household in LIHEAP would be limiting and should not be adopted. OCA notes that EAP misunderstands the PUC's reference to the 2023 LIHEAP State Plan and that the PUC's revisions are intended to expand the current special needs categories to include a young child. OCA RC at 19—21, citing EAP Comments at 11.

OCA disagrees with EAP's comments regarding tracking medical conditions for special needs customers, noting that public utilities currently do not track medical status and this should not be included as a criterion. OCA submits that customers should be prioritized based on a medical condition if they have had a medical certificate or have identified that they have a disability or medical condition. OCA RC at 22, citing EAP Comments at 11.

OCA disagrees with the concerns of NFG, PECO, and Duquesne regarding expanding the definition of "special needs customers." OCA does not agree with Duquesne's statement that expanding the definition would require directing resources away from low-income customers that are most in need. OCA recommends adopting its suggested definition for "special needs customers" and using the categories identified by the PUC as a tool for prioritization of need. OCA RC at 22—26, citing NFG Comments at 4, PECO Comments at 3, and Duquesne Comments at 5-6.

TURN supports the PUC's expanded definition of special needs customers but recommends that the PUC ensure, through periodic review and reporting, that public utilities are identifying special needs customers in the operation of LIURPs. TURN disagrees with stakeholders' proposals to strictly align the definition of special needs customers with DHS' definition of a vulnerable household. TURN submits that adopting DHS' definition would exclude households with medical devices and households who have experienced domestic abuse. TURN RC at 4-5, citing EAP Comments at 11, PPL Comments at 4, and NFG Comments at 5.

Disposition on "Special needs customer"

We decline to revise the income limit for special needs customers, as suggested by some stakeholders, beyond the existing threshold of up to 200% of the FPIG. We agree with the stakeholders that suggest increasing the income eligibility threshold from 200% to 300% of the FPIG for a special needs customer would significantly increase the number of customers eligible for LIURP, which could strain LIURP resources, increase costs, and reduce program services available to the lowest income households.

The existing definition of "special needs customer" is a "customer having an arrearage with the [public] utility and whose household income is at or below 200% of the Federal poverty guidelines." That definition has been in place since at least January 3, 1998. 28 Pa.B. 25 (January 2, 1998). Since 1998, the PUC has reviewed and approved individual public utility USECPs that have expanded the types of household situations counted as "special needs" for customers with incomes between 151% —200% of the FPIG. We recognize that public utilities may have different criteria to identify special needs customers within their service territories. The proposed definition was intended to maintain the current practice, which allows a public utility flexibility to identify special needs criteria based on the specific needs of its service territory while providing some standardization on what households may be counted as special needs for LIURPs across the Commonwealth. The proposed definition was not intended to limit a public utility's ability to establish additional criteria to identify a household as a special needs customer within its LIURP.

However, we acknowledge the concerns of some stakeholders that the proposed definition would create additional costs for public utilities to collect and report new information, which may redirect resources from serving other customers in need of LIURP. As most public utilities do not currently track these proposed categories for the purpose of identifying special needs customers, implementing this new definition may increase administrative costs, which would decrease funds available to provide program services. Therefore, we have revised the definition of "special needs customer" which will allow a public utility to consider adding these recommended categories, while still maintaining its ability to establish criteria specific to customer situations identified within its service territory.

Additionally, we acknowledge that there is ambiguity on how criteria such as "need medical equipment" would be interpreted, as noted by some stakeholders, and have removed this as a recommended criterion. Moreover, we agree with CAUSE-PA's recommendation that the criterion for customers with a protection from abuse order should be expanded to include other court orders that contain clear evidence of domestic violence. This change is also consistent with protection from abuse provisions in Chapter 56 (relating to standards and billing practices for residential public utility service).[43]

Accordingly, we have revised the definition of "special needs customer" in the final-form regulation as follows:

Special needs customer—A customer **[having an arrearage with the covered utility and] [~~whose~~] WITH household income [~~is~~] [at or below] between 151% and 200% of the [Federal poverty guidelines] FPIG AND MEETS ADDITIONAL CRITERIA SPECIFIED IN A PUBLIC UTILITY'S APPROVED USECP. THE ADDITIONAL CRITERIA MAY INCLUDE REQUIRING THAT [~~with~~] one or more household members [~~who~~] meet any of the following criteria:**

- **Are age 62 and over or age five and under.**
- **[~~Need medical equipment.~~]**
- **Have a disability.**

[43] For example, see 52 Pa. Code §§ 56.1(b) (relating to statement and policy) and 56.36(b) (relating to written procedures).

• Are under a protection from abuse order OR OTHER COURT ORDER THAT CONTAINS CLEAR EVIDENCE OF DOMESTIC VIOLENCE.

• ~~[Are otherwise defined as a special needs customer under the public utility's approved USECP.]~~

This revision addresses the concerns and recommendations related to the proposed use of "age 5 and under" and "need medical equipment" as required special needs criteria.

We have not, however, aligned our examples of special needs to match DHS' definition of a "vulnerable household." There are numerous differences between LIURP and LIHEAP relative, for example, to purpose, statutory authority, funding sources, regulated community, oversight, cost recovery, definitions of household size and income, and regulatory review.[44] To foster as much consistency as practicable, while recognizing the differing parameters for public utility universal service programs mandated by the Public Utility Code and programs such as LIHEAP managed by DHS, the PUC does encourage public utilities to coordinate universal service programs with LIHEAP. Most recently, we encouraged public utilities to use income and household data that DHS shares with them, subject to customer consent, to facilitate enrollment and participation in their universal service programs. See 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs, Docket No. M-2023-3038944 (Order entered June 13, 2024).

"USECP—Universal Service and Energy Conservation Plan"

In the 2023 NOPR, we proposed this definition to describe a USECP as a PUC-approved plan describing the benefits, policies, and procedures related to a public utility's universal service programs. 2023 NOPR Preamble at 20-21.

Stakeholder Comments on "USECP"

CAUSE-PA states that a USECP should contain the complete scope of a public utility's universal service and energy conservation programs. CAUSE-PA notes that the definition of a USECP does not include a program budget, formal needs assessment, and other explicit funding considerations. CAUSE-PA asserts that these aspects are critical to a holistic USECP and are not necessarily incorporated by the current reference to program "benefits, policies, and procedures." CAUSE-PA proposes the following amendments to the proposed definition:

> *USECP*—A documented and Commission-approved plan **ASSESSING THE NEED FOR ASSISTANCE IN A PUBLIC UTILITY'S SERVICE TERRITORY AND** describing the benefits, policies, **[~~and~~]** procedures, **AND BUDGETS** related to a public utility's universal service and energy conservation programs.

CAUSE-PA Comments at 33-34.

Disposition on "USECP"

We agree with CAUSE-PA that a USECP must include a needs assessment and a program budget for each USECP component, consistent with the requirements in 52 Pa. Code §§ 54.74(b) and 62.4(b). Accordingly, we have incorporated CAUSE-PA's suggested modifications to the USECP definition and have revised the definition of "USECP" in the final-form regulation as follows:

> ***USECP—Universal Service and Energy Conservation Plan*—A documented and Commission-approved plan ASSESSING THE NEED FOR ASSISTANCE IN A PUBLIC UTILITY'S SERVICE TERRITORY AND describing the benefits, policies [and], procedures AND BUDGETS related to [a] THE public utility's universal service and energy conservation programs, UNDER 52 PA. CODE §§ 54.74(b) (RELATING TO UNIVERSAL SERVICE AND ENERGY CONSERVATION PLANS) AND 62.4(b) (RELATING TO UNIVERSAL SERVICE AND ENERGY CONSERVATION PLANS).**

"USECP proceeding"

In the 2023 NOPR, we proposed to include this term to refer to the PUC's process for reviewing a proposed USECP and for a proceeding whereby a public utility proposes to amend an existing USECP. 2023 NOPR Preamble at 21.

Stakeholder Comments on "USECP proceeding"

OCA states that the proposed definition of a "USECP proceeding" appears to only contemplate public utilities proposing revisions to LIURP budgets and programs in USECP filings. OCA avers the definition should be expanded to include parties besides public utilities who can propose revisions to LIURPs. OCA avers that situational changes may merit LIURP revisions between USECP reviews, such as the recent cost increase for heating jobs since 2021.[45] It further states that substantial public utility rate increases can expand the need for LIURP spending and that other parties besides public utilities should be able to address these issues. OCA recommends that the definition be expanded so that parties to base rate proceedings be allowed to address LIURP budget issues and that the process for setting the LIURP budgets be modified. OCA Comments at 16-17.

Disposition on "USECP proceeding"

The term "USECP proceeding" was used in the proposed regulations to identify a specific PUC proceeding where LIURP issues, including establishing annual LIURP budget amounts, should be addressed. Based on our consideration of stakeholder comments about limiting consideration of the adequacy of LIURP budgets to only USECP proceedings, as discussed in § 58.4, we have revised those provisions to indicate that there are matters relative to a LIURP that may be addressed in a broader PUC proceeding (e.g., a rate case). Therefore, as the term "USECP proceeding" is no longer essential to the LIURP regulations, we are not incorporating the proposed definition for "USECP proceeding" in the final-form regulation.

"Universal service programs"

In the 2023 NOPR, we proposed this definition based on 66 Pa.C.S. §§ 2203(8) and 2804(9) which require the PUC to ensure that public utilities offer universal service and energy conservation policies, activities, and services. The General Assembly has mandated that the PUC require public utilities to maintain the universal service programs which existed when the Competition Acts were

[44] DHS, which oversees LIHEAP, addresses and amends LIHEAP provisions annually based on Federal statutes, guidelines, and funding. The DHS regulations at 55 Pa. Code §§ 601.1—601.44 (relating to Federal Low Income Home Energy Assistance Program) were last revised by 18 Pa.B. 2518 (June 3, 1988) retroactive to October 15, 1987. LIHEAP is the closest DHS program to a public utility's universal service program. A LIURP is one of four mandatory programs in a public utility's obligatory USECP, overseen by the PUC but not run by the PUC. There are no Federal or State taxpayer dollars expended for the obligatory elements of a USECP.

[45] OCA Comments at 16-17, citing the PUC's 2022 Universal Services Programs and Collections Performance Report at 56 (2022), https://www.puc.pa.gov/media/2573/2022-universal-service-report-final.pdf (accessed on December 2, 2024).

passed. 66 Pa.C.S. §§ 2203(7) and 2802(10). The PUC has mandated that universal service programs in a USECP must include, at a minimum, a LIURP, a CAP, a CARES, and a hardship fund. Consistent with the oversight responsibility vested in the PUC by the General Assembly, we have clarified that other programs may be defined as a universal service program and may be included in a USECP subject to PUC approval. 2023 NOPR Preamble at 21.

Stakeholder Comments on "Universal service programs"

UGI recommends that the definition of "universal service program" reference the existing definitions in 66 Pa.C.S. §§ 2202 (for NGDCs) and 2803 (for EDCs). UGI Comments at 9.

Disposition on "Universal service programs"

We decline to make the amendments that UGI has suggested. The proposed definition appropriately references the requirements under 66 Pa.C.S. § 2203(8) (for NGDCs) and § 2804(9) (for EDCs) and identifies LIURP, CAP, CARES, and hardship fund as mandatory programs within USECPs. The definition as proposed also recognizes flexibility that a public utility has to propose new programs that fall within the parameters of universal service that is outside of the four mandatory programs.

We have, however, replaced "USECP proceeding" with "Commission proceeding" in the final-form definition to clarify that other universal service programs are permissible if approved by the PUC in a USECP or non-USECP proceeding. We further note that when referring to "hardship fund" in general, the term does not use initial capitalization.[46] Accordingly, the definition of "universal service program" has been revised in the final-form regulation as follows:

***Universal service programs*—The policies, protections and services that a public utility is required to offer under 66 Pa.C.S. §§ 2203(8) (relating to restructuring of natural gas utility industry) and 2804(9) (relating to standards for restructuring of electric industry) to help low-income customers maintain public utility service and conserve energy. This term is synonymous with "universal service and energy conservation programs" and includes payment assistance programs, termination of service protections, energy usage reduction programs and consumer education programs. LIURP, CAP, CARES and [~~Hardship Fund~~] HARDSHIP FUND are the four mandatory universal service program components of a public utility's USECP; other programs are permissible if approved in a [~~USECP~~] COMMISSION proceeding.**

"Weatherization"

In the 2023 NOPR, we proposed to define "weatherization" as "the process of modifying a dwelling to reduce energy consumption and optimize energy efficiency." We explained that the proposed definition refers to the work needed to install program measures to make a dwelling more energy efficient. We noted that the proposed definition is consistent with the WAP technical glossary of the National Association for State Community Services Programs (NASCSP), which defines "weatherization" as the "process of reducing energy consumption and increasing comfort in buildings by improving the energy efficiency of the building and maintaining health and safety."[47] 2023 NOPR Preamble at 23-24.

Stakeholder Comments on "Weatherization"

UGI recommends modifying the definition of "weatherization" as follows:

***Weatherization*—The process of modifying a dwelling to reduce WEATHER-RELATED OR WEATHER-DEPENDENT energy consumption and [~~optimize~~] IMPROVE energy efficiency.**

UGI Comments at 9.

Stakeholder Reply Comments on "Weatherization"

OCA disagrees with UGI's suggestion to include "weather-related" and "weather-dependent" to the definition of "weatherization." OCA notes that the suggested revision would imply that high energy usage is solely related to weather factors and would limit why a consumer may have high energy usage. OCA recommends this proposal be denied. OCA RC at 26-27, citing UGI Comments at 9.

Disposition on "Weatherization"

We decline UGI's proposal to include the phrase "weather-related or weather-dependent" in the proposed definition. We agree with OCA that high-energy usage is not solely related to weather factors.

We have adopted UGI's recommendation to replace the term "optimize" with "improve." We recognize that using the term "improve" will clarify the intention of fixing existing issues to achieve a higher level of energy efficiency consistent with the operative requirements of the final-form regulations discussed below. The term "optimize" might imply that weatherization work must always make the dwelling as energy efficient as possible, which is not a realistic or measurable standard.

Accordingly, we have revised the definition of "weatherization" in the final-form regulation as follows:

***Weatherization*—The process of modifying a dwelling to reduce energy consumption and [~~optimize~~] IMPROVE energy efficiency.**

Stakeholder Suggested Definitions: *"Energy Savings" and "Energy Conservation"*

OCA recommends the addition of definitions for "energy savings" and "energy conservation" to align with a whole-house approach. OCA suggests the following definitions for these terms:

***ENERGY SAVINGS*—AN AMOUNT OF SAVED ENERGY DETERMINED BY MEASURING AND/OR ESTIMATING CONSUMPTION BEFORE AND AFTER IMPLEMENTATION OF AN ENERGY EFFICIENCY IMPROVEMENT MEASURE WHILE ALSO ENSURING NORMALIZATION FOR EXTERNAL CONDITIONS THAT AFFECT ENERGY CONSUMPTION.**

***ENERGY CONSERVATION*—TO REDUCE OR MANAGE ENERGY CONSUMPTION IN A COST-EFFECTIVE AND EFFICIENT MANNER.**

[46] LRB protocol requires that changes from a NOPR annex to a FFRO annex be shown in whole words and capitalized text. Thus, while it may appear that the generic term will now be "HARDSHIP FUND," the generic term is "hardship fund."

[47] See NASCSP Technical Glossary at https://nascsp.org/wap/waptac/wap-resources/technical-glossary/ (accessed on December 2, 2024). NASCSP is the sole national association charged with advocating and enhancing the leadership role of States in the administration of the Community Services Block Grant (CSBG) program and Weatherization Assistance Program (WAP). The U.S. Department of Energy's WAP reduces heating and cooling costs for low-income families, particularly for the elderly, people with disabilities, and children, by improving the energy efficiency of their homes while ensuring their health and safety. https://nascsp.org/about/ (accessed on December 2, 2024).

OCA Comments at 7.

Disposition on Suggested Definitions of "Energy Savings" and "Energy Conservation"

We agree with OCA's recommendation to include a definition for the term "energy savings" in § 58.2. This term is used in § 58.11, § 58.13, and § 58.15a to describe the amount of energy saved as a result of providing program services. We note that the amount of energy savings is determined by comparing the difference between a LIURP recipient's energy usage before and after provision of program services, which could include the installation of program measures. We recognize that some dwellings may receive program services or measures, such as energy audits or smoke detectors, that do not produce any energy savings. Further, changes to the household's demographics, the dwelling's condition, or weather conditions may impact potential energy savings after receipt of program services.

Accordingly, we have adopted OCA's recommended definition for "energy savings" with modifications in the final-form § 58.2 as follows:

***ENERGY SAVINGS*—AN AMOUNT OF SAVED ENERGY DETERMINED BY COMPARING THE ENERGY USAGE BEFORE THE PROVISION OF PROGRAM SERVICES AND AFTER THE PROVISION OF PROGRAM SERVICES.**

We are not persuaded to define "energy conservation" as suggested by OCA. This term is used in conjunction with other terms, which are defined in § 58.2. We find including a separate definition of "energy conservation" would be redundant and unnecessary.

Stakeholder Suggested Definition: "LIURP cost"

OCA notes that the term "LIURP costs" is used throughout Chapter 58 but is never explicitly defined. It asserts that defining LIURP costs will provide clarity in § 58.4(e) and differentiate the term from LIURP funds. OCA further asserts that the term "LIURP costs" is in the definition of "LIURP funds". OCA recommends defining LIURP costs as follows:

***LIURP COSTS*—THE AMOUNT OF LIURP FUNDS SPENT FROM THE LIURP BUDGET TO COMPLETE LIURP JOBS EACH YEAR.**

OCA Comments at 9-10.

Disposition on Suggested Definition of "LIURP cost"

The proposed regulations use the term "LIURP costs" in proposed §§ 58.4(e) and 58.15(3)(ii) (now § 58.15a(3)(iii) in the final-form regulation) to reflect any public utility expenditures incurred to provide LIURP, including pilot programs, administrative costs, trainings, outreach, and the provision of program services to eligible customers. LIURP costs are not limited to public utility expenditures related to providing program services at each LIURP job. Therefore, we agree that including a definition of "LIURP costs" is warranted. Accordingly, we have defined "LIURP costs" in the final-form regulations, as follows:

***LIURP COSTS*—THE AMOUNT OF LIURP FUNDS SPENT BY THE PUBLIC UTILITY ON LIURP UNDER THIS CHAPTER.**

Stakeholder Suggested Definition: "Full weatherization"

OCA recommends that a new definition be created to differentiate between weatherization measures and full weatherization so that customers who receive baseload measures should be eligible for full weatherization benefits without having to wait. It states that typically a household may not receive LIURP more than once every seven years but that adding a definition for "full weatherization" would allow a household that did not receive full weatherization to be able to obtain it before the end of the seven-year period. OCA Comments at 17-18. OCA recommends the following definition for full weatherization:

***FULL WEATHERIZATION*—THE INSTALLATION OF WEATHERIZATION MEASURES, WITH THE EXCLUSION OF THE REPLACEMENT OR REPAIR OF HEATING SYSTEMS, THAT WOULD RESULT IN A MINIMUM OF 15% SAVINGS FROM INSTALLED MEASURES. UNDER FULL WEATHERIZATION, ALL WEATHERIZATION WORK SHOULD MEET ESTABLISHED STANDARD WORK SPECIFICATIONS (SWS) WHICH ARE NATIONALLY APPROVED FOR USE IN THE HOME ENERGY PROFESSIONAL FIELD. FULL WEATHERIZATION SHOULD BE AVAILABLE EVERY SEVEN YEARS, AND MORE FREQUENTLY IF THERE HAVE BEEN SIGNIFICANT CHANGES TO THE DWELLING THAT WOULD IMPACT THE EFFICACY OF THE WEATHERIZATION COMPLETED.**

OCA Comments at 18.

Stakeholder Reply Comments on Suggested Definition of "Full weatherization"

EAP asserts that OCA's suggested definition for "full weatherization" would include achieving a minimum target of 15% savings that may not be realistic for all public utilities. EAP notes that various factors such as changes in household size, post-measure usage, and the possibility of changes to the dwelling could impact the effectiveness of previous measures. EAP opines that OCA's suggestion to allow full weatherization every seven years, regardless of usage need, would increase LIURP costs and adversely impact the cost/benefit ratio. EAP argues that previously weatherized homes would need to undergo costly re-weatherization every seven years. EAP RC at 6-7, citing OCA comments at 17-18.

Disposition on Suggested Definition of "Full weatherization"

We decline to adopt OCA's suggested definition of the term "full weatherization" in § 58.2. "Full weatherization" is a subcategory of "program measure" which, in turn, is a subcategory of "program services," both of which are defined in final-form § 58.2. We have permitted public utilities to establish exceptions in their USECPs, if warranted,[48] to allow a household to receive full weatherization before the end of the public utility's re-weatherization period. While we reject OCA's proposal, we will continue to address exceptions to a public utility's re-weatherization policies in individual USECP proceedings.

Stakeholder Suggested Definition: *"Request for Proposal (RFP)"*

PA-CLEEC recommends adding a definition for "RFP" to § 58.2. PA-CLEEC suggests the definition as follows:

***RFP—REQUEST FOR PROPOSAL*—ALL DOCUMENTS, PROTOCOLS, CRITERIA, GUIDELINES, EVALUATIONS, RANKINGS AND OTHER ITEMS ISSUED BY THE PUBLIC UTIL-**

[48] See FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 79—81. See PGW 2023-2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 72-73. See also PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023), at 84—86. See Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024), at 82-83.

ITY IN CONNECTION WITH ITS SOLICITATION OF PROVIDERS FOR ANY AND ALL SERVICES ASSOCIATED WITH ITS USECP [SIC] AND INTENDED TO BE USED IN ITS COMPETITIVE BIDDING PROCESS FOR THE SELECTION AND PERFORMANCE RATING OF ESPS.

PA-CLEEC Comments at 9-10.

Disposition on Suggested Definition of "RFP"

We decline to adopt PA-CLEEC's suggestion to include a definition of the term "RFP" in final-form § 58.2. The term "RFP" is widely used and understood in the energy industry and in commerce in general. The specific term is not used in Chapter 58[49] and does not require a definition.

Other Defined Terms

The 2023 NOPR proposed definitions, revision, or deletions for the following terms which did not receive public comments or IRRC comments or which did not require revision based on PUC review:

CAP shortfall

Commission

CNGDO

Energy conservation education—replacing usage reduction education

FPIG

Incidental repair

LIHEAP

LIURP funding mechanism

LIURP funds

Pilot program

Post-installation inspection

Residential water-heating customer

Universal Service Advisory Committee

Disposition on Other Terms

Accordingly, we have incorporated the definitions for these terms as proposed in the 2023 NOPR in the final-form regulation.

Section 58.3. Establishment and maintenance of a residential LIURP

In the 2023 NOPR, we proposed to retitle this section as "Establishment and maintenance of a residential LIURP" (currently "Establishment of residential low income usage reduction program"). We proposed amendments in this section that would clarify the responsibility of a public utility to establish and maintain a LIURP for its low-income customers and special needs customers. We proposed updated terms in this section consistent with the proposed definitions in § 58.2. 2023 NOPR Preamble at 30-31.

Stakeholder Comments on § 58.3

Duquesne does not support the proposed amendments to § 58.3, asserting that the existing language in § 58.3 is adequate. Duquesne specifically questions the need to reference special needs customers, which the 2023 NOPR proposes to more expansively define, in this and other provisions of the proposed regulation. Duquesne asserts the new definition and provisions for special needs customers could increase program costs and lacks regulatory clarity and demonstrated benefits beyond what public utilities currently provide. Duquesne states that it is uncertain if the benefits of the proposed changes compensate for the increase in LIURP costs. Duquesne Comments at 6.

EAP, PPL, OCA and NFG support the proposed amendments to § 58.3. EAP Comments at 12; PPL Comments at 4; OCA Comments at 19; NFG Comments at 5. OCA also recommends incorporating its proposal to increase the income eligibility requirements for low-income customers from 150% to 200% of FPIG and special needs customers up to 300% of FPIG into § 58.3. OCA Comments at 19.

Stakeholder Reply Comments on § 58.3

OCA disagrees with Duquesne's claims that the proposed amendments to § 58.3 would cause a lack of regulatory clarity, increase costs, and would fail to show a benefit. OCA notes that Duquesne does not quantify or explain what increases to LIURP costs there would be. OCA RC at 27-28, citing Duquesne Comments at 6.

Disposition on § 58.3

We have addressed stakeholder comments regarding the proposed definition of "special needs customer" in § 58.2. With respect to stakeholders' comments relating to the terms "low-income customer" and "special needs customer" included in § 58.3, we have removed both terms and replaced them with the term "eligible customer." We conclude that because Chapter 58 does not mandate a public utility to serve special needs customers, the more appropriate term to use in § 58.3 is "eligible customer" as the definition of that term encompasses all low-income and special needs residential customers who meet LIURP eligibility criteria specified in a public utility's USECP. Accordingly, we have revised final-form § 58.3 as follows:

A **[covered]** **public** utility shall establish **and maintain** a **[usage reduction program]** **LIURP** for its **[low income]** **[~~low-income~~]** **ELIGIBLE** customers **[~~and special needs customers~~]**.

Section 58.4. LIURP budgets

In the 2023 NOPR, we proposed to retitle § 58.4 as "LIURP budgets" (currently "Program funding") consistent with the proposed definitions in § 58.2, regarding replacing "program" with "LIURP" and to reflect the difference between LIURP budgets and the LIURP funding mechanism.

A public utility's LIURP budget, in conjunction with its LIURP needs assessment, is approved in that public utility's USECP proceeding. That proceeding includes a stakeholder comment period, staff recommendation, and PUC deliberation and decision. The 2023 NOPR Preamble noted that the proposed amendment would clarify that a LIURP budget could only be revised through a USECP proceeding initiated pursuant to the periodic USECP review process or in response to a public utility's petition to amend a USECP. 2023 NOPR Preamble at 36.

In this section, we proposed to increase the maximum annual LIURP budget spending for special needs customers as well as the factors and expenses that public utilities must consider when revising a LIURP budget.

[49] Section 58.14b establishes a process for public utilities to select qualified ESPs through a competitive bid process.

Furthermore, we proposed provisions for unspent LIURP funds at the end of a program year and a mechanism for recovering LIURP costs. The terms in this section were updated consistent with the proposed definitions in § 58.2. 2023 NOPR Preamble at 36.

We proposed to remove § 58.4(a) and § 58.4(b) to consolidate general LIURP budget provisions for NGDCs and EDCs into a new § 58.4(a.1). Proposed § 58.4(a.1) incorporates provisions requiring a public utility to propose annual LIURP budgets for the term of its USECP. We explained that changes to approved LIURP budgets would require a public utility to propose the change in a petition. We clarified that this proposal was intended to standardize the methodology for determining LIURP budgets to ensure that modifications conform to regulatory or policy-level considerations. 2023 NOPR Preamble at 36.

We noted that LIURP costs are a part of universal service costs and that the requirements of 66 Pa.C.S. §§ 2804(9) and 2203(8) mandate that the PUC ensure universal service and energy conservation policies, activities and services for residential electric and natural gas customers are appropriately funded,[50] available in each EDC and NGDC territory, and operated cost-effectively. We clarified that the appropriateness, effectiveness, and prudence of the cost of universal service is determined in a USECP proceeding and how those universal service costs are recovered is addressed in a rate case. 2023 NOPR Preamble at 36-37.

We explained in the 2023 NOPR that LIURP budgets have sometimes been modified through black box settlements among parties in rate cases.[51] We noted that when a LIURP budget is modified outside a USECP proceeding through a settlement, the settlement agreement often does not explain how the LIURP budget was determined or how this change addresses an unmet need in the public utility's service territory. We stated that LIURP is a ratepayer-funded program, and as such considerations impacting its budget determination should be open to scrutiny and comment. We explained that USECP proceedings allow all interested parties to provide comments, raise questions, and review information justifying the proposed change to the LIURP budget in an on-the-record proceeding. Thus, information and data provided by the public utility and stakeholder input allow the PUC to determine whether the proposed LIURP budget appears cost-effective. We noted that this change was consistent with EAP's recommendation and that adjusting the LIURP budget based on the needs of the service territory is also consistent with OCA's recommendation. EAP RC to 2016 Secretarial Letter at 5; OCA Comments to 2016 Secretarial Letter at 7. 2023 NOPR Preamble at 37.

We proposed to incorporate the provision removed from § 58.10(c) that allows a public utility to spend a percentage of its LIURP budget on special needs customers to a new § 58.4(a.2), increasing this spending limit from 20% to 25% of the LIURP budget. We explained that the increase provides a public utility with greater flexibility to serve additional special needs customers who are ineligible for CAP but still need help with their utility bills. We further explained that WAP income limits are set at 200% of the FPIG and that our proposal would increase the pool of potential LIURP referrals from WAP contractors and provide more opportunities for coordination with WAP and other weatherization programs. We noted that OCA previously supported increasing the level of spending for special needs customers to 25% of the LIURP budget. We also noted that EAP, PECO, Duquesne, PPL, FirstEnergy PA, NFG, CEO, and PAWTF previously recommended increasing the LIURP income limit to 200% of the FPIG for all customers or eliminating the 20% spending limit for special needs customers. We clarified that this change would not restrict a public utility's ability to seek a waiver of the spending limit if it is having trouble spending its total annual LIURP budget and if it is able to assist more special needs customers within its service territory. OCA Comments to 2016 Secretarial Letter at 30; EAP Comments to 2016 Secretarial Letter at 13; PECO Comments to 2016 Secretarial Letter at 14; Duquesne Comments to 2016 Secretarial Letter at 8; PPL Comments to 2016 Secretarial Letter at 7; FirstEnergy PA Comments to 2016 Secretarial Letter at 5-6; NFG Comments to 2016 Secretarial Letter at 5; CEO Comments to 2016 Secretarial Letter at 4; PAWTF Comments to 2016 Secretarial Letter at 3. 2023 NOPR Preamble at 38.

We proposed to revise the title of § 58.4(c) to "Revisions to a LIURP budget" (currently "Guidelines for revising program funding"). We proposed amendments to § 58.4(c) that further clarify that revisions to a LIURP budget are accomplished through a USECP proceeding and to incorporate additional factors for a public utility to consider when proposing revisions to its LIURP budget. The existing § 58.4(c)(1)—(4) would be amended as follows:

- § 58.4(c)(1)-(2) [would] require a public utility to identify the number of estimated low-income customers and confirmed low-income customers by FPIG levels 0% through 50%, 51% through 100%, 101% through 150%, and 151% through 200%.

- § 58.4(c)(3) [would require] a public utility to identify the number of special needs customers within its service territory.

- § 58.4(c)(4)-(5) [would require] a public utility to account for the number of eligible confirmed low-income customers and special needs customers that could be provided program services.

- § 58.4(c)(6) [would require] that a public utility base its expected LIURP participation rates on the number of eligible confirmed low-income customers and historical participation rates.

- § 58.4(c)(7) [would include] expenses related to training in the total expense of providing program services.

- § 58.4(c)(8) [would clarify] that a public utility shall also include a plan, within a proposed timeline, to provide program services to eligible customers.

2023 NOPR Preamble at 39.

[50] Section 58.4(a) sets annual LIURP funding for a natural gas public utility at a minimum of 0.2% of the public utility's jurisdictional revenues. Section 58.4(b) specifies that a target funding level for an electric public utility is to be computed at the time of the Commission's initial approval of the public utility's LIURP. Both sections provide that the funding continues at the level set "until the [PUC] acts upon a petition from the utility to change the funding level, or until the [PUC] reviews the need for program services and revises the funding level through a [PUC] order that addresses the recovery of program costs in utility rates. Proposed funding revisions that would involve a reduction in program funding shall include public notice found acceptable by [BCS], and the opportunity for public input from affected persons or entities."

[51] See, e.g., *Pa. PUC, et al. v. Columbia Gas of Pennsylvania*, Docket No. R-2018-2647577 (Order entered on December 6, 2018); *Pa. PUC, et al. v. Duquesne Light Company*, Docket Nos. R-2018-3000124 and R-2018-3000829 (Order entered on December 20, 2018); and *Pa. PUC, et al. v. PPL Electric Utilities*, Docket No. R-2015-2469275 (Order entered on November 19, 2015).

We proposed to remove and reserve § 58.4(d) and incorporate the requirements regarding pilot programs in § 58.13a(a) (relating to LIURP pilot programs). Further, we proposed to add § 58.4(d.1) which requires a public utility to re-allocate (i.e., carry over) unspent LIURP funds to the LIURP budget for the following program year, unless an alternate use of these funds is approved through a USECP proceeding. We indicated that this proposal would incentivize public utilities to use all available LIURP funds each year or seek out more eligible LIURP participants for the following year. We explained that while the existing regulations in Chapter 58 do not expressly require a public utility to carryover unspent LIURP funds from one program year to the next, we have approved carryover of unspent LIURP funds into the next program year in rate case settlements.[52] We noted that this proposal was consistent with proposed § 58.15(3)(vi), now final-form § 58.15a(3)(vi), which would require a public utility to report annually if more than 10% of the annual LIURP budget remains unspent. We further noted that this proposal is consistent with the previous recommendations of OCA, CEO, and PA-EEFA, expressing support for carrying over unspent LIURP funds into the next year's program budget. OCA Comments to 2016 Secretarial Letter at 7-8; CEO RC to 2016 Secretarial Letter at 2; PA-EEFA RC to 2016 Secretarial Letter at 6. 2023 NOPR Preamble at 39-40.

Lastly, we proposed to retitle the existing § 58.4(e)(1) as "Recovery of LIURP costs" (currently "Recovery of costs") and amended § 58.4(e)(1) to specify that LIURP costs are allotted among ratepayers. We noted that as a universal service cost, LIURP costs are recoverable.[53] We proposed amendments in § 58.4(e)(2) to reflect updated definitions. We proposed to add § 58.4(e)(3) to clarify that the LIURP funding mechanism for recovery of LIURP costs must be determined in a public utility's rate proceeding. 2023 NOPR Preamble at 40.

IRRC Comments on § 58.4

IRRC notes that stakeholders are worried that limiting the PUC's review of LIURP budgets to quinquennial USECP proceedings may reduce transparency and stakeholder participation. IRRC states that some stakeholders maintain that LIURP funding consideration should be included in base rate proceedings. IRRC requests a detailed explanation of the need for the proposed changes and suggests alternative approaches be considered. IRRC also urges the PUC to ensure the proposed changes align with existing LIURP provisions. IRRC Comments at 3-4.

Based on IRRC's review of stakeholder comments, it requests that the PUC respond to the following questions regarding the proposed amendments to § 58.4.

(a.1) Special needs customers:

• Would increasing the spending from 20% to 25% of a public utility's LIURP budget on special needs customers limit flexibility in addressing unique needs of some customers?

• How will the PUC make certain that public utilities assess the needs of all eligible customers?

(c) Revisions to a LIURP budget:

• Does the criteria set forth in § 54.4(c) apply to new LIURP budgets or revisions to a public utility's LIURP budget or both?

• Should all the factors be given equal weight in the establishment of LIURP budgets and program services?

• What would be the benefit of changing the current reference of "a reasonable period of time" to "a proposed timeline"?

(d.1) Unspent LIURP funds:

• How will public utilities prioritize spending unused funds from a prior year's LIURP budget in the current LIURP budget?

• ls there an expectation that all unspent LIURP funds will be rolled-over and spent on future LIURP budgets and services?

IRRC Comments at 6.

Stakeholder Comments on § 58.4

We have summarized the stakeholder comments regarding the individual subsections of § 58.4. We will, however, address the disposition of § 58.4 as a whole.

§ 58.4(a.1) General

Duquesne agrees with the proposed inclusion of § 58.4(a.1), noting that USECP proceedings provide stakeholder input and PUC subject matter experts, to develop plans that serve the needs of each specific public utility's service territory. Duquesne Comments at 6-7.

PECO opines that the LIURP regulations should preserve the possibility of considering LIURP issues in other types of PUC proceedings. PECO provides the example that it may be appropriate during a base rate change request for the parties and the PUC to consider whether changes to the LIURP budget would be reasonable and beneficial to the public utility's customers. PECO Comments at 3-4.

CAUSE-PA strongly opposes PUC's proposal to limit review of LIURP funding to a USECP proceeding. CAUSE-PA asserts that limiting the review of LIURP budgets to quinquennial USECP proceedings deprives stakeholders of due process and curtails PUC oversight and meaningful evaluation of program performance. CAUSE-PA believes it is critical that the PUC retain its ability to review universal service programs in the context of a rate case proceeding. CAUSE-PA states that limiting evaluation to USECP proceedings presents the public utility's programs in isolation and gives no consideration to overall rates and provides no opportunity for discovery, testimony, or review by an administrative law judge (ALJ). CAUSE-PA Comments at 35—37.

CAUSE-PA avers that the proposal would narrow the scope of consideration of a given public utility's existing rates, rules, and regulations in a rate case which will

[52] See *Pa. PUC, et al. v. UGI Utilities, Inc. Gas Division*, Docket No. R-2018-3006814 (Order entered on October 4, 2019); see also *Pa. PUC, et al. v. FirstEnergy Companies*, Docket No. R-2016-2537349 (Order entered on January 19, 2017).

[53] See 66 Pa.C.S. §§ 2804(8) and 2203(6). See also Re Guidelines For Universal Service and Energy Programs, Docket No. M-00960890 F0010 (Order entered on 7/11/1997), 87 Pa. P.U.C. 428 (1997), 178 P.U.R.4th 508, in which we said that in 66 Pa.C.S. § 2802(17) (relating to declaration of policy):

> [R]equires that the public purpose is to be promoted by continuing universal service and energy conservation policies, protections and services; and full recovery of such costs is to be permitted through a non-bypassable rate mechanism. Section 2804(8) [of the Public Utility Code] requires that the Commission establish for each [EDC] an appropriate cost recovery mechanism which is designed to fully recover the [EDC's] universal service and energy conservation costs over the life of these programs. Section 2804(9) [of the Public Utility Code] requires the [PUC] to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each [EDC] territory. These policies, activities and services shall be funded in each [EDC]. territory by non-bypassable competitively neutral cost recovery mechanisms that fully recover the costs of universal service and energy conservation services.

impede a thorough investigation of whether a public utility's rates are just and reasonable. Further, CAUSE-PA states that addressing LIURP budgets solely in a USECP proceeding every five years would cause delays in addressing factors that affect LIURP and would thwart the intersectional purposes of LIURP. CAUSE-PA asserts that it is critical to examine whether a rate increase will impact universal service programming and make changes to remediate that impact as necessary and ensure adequate customer service is provided to low-income customers. CAUSE-PA Comments at 38-39.

CAUSE-PA claims that without examining the effect in the context of a rate case, low-income customers could face unreasonable rates resulting in higher termination rates, uncollectible expenses, and costs for residential ratepayers. CAUSE-PA claims that multiple intervening factors can impact the accessibility of universal service programs and require intervening review of program funding. CAUSE-PA asserts that it is critical for the PUC to not limit its ability to conduct reviews in the context of current economic conditions. CAUSE-PA Comments at 39.

CAUSE-PA dismisses the PUCs concerns that modifying a LIURP budget outside a USECP proceeding through a settlement often does not explain how the budget was determined or how the change addresses an unmet need in the public utility's service territory. CAUSE-PA states that settlements are subject to PUC review to ensure terms are just and reasonable and supported by substantial record evidence. CAUSE-PA notes that the PUC can amend a proposed settlement and order parties to provide further explanation before approving the settlement. CAUSE-PA Comments at 39-40.

OCA opposes the proposed amendments in § 58.4 that would only address LIURP budgets within USECPs and cites concerns about the ability to address a public utility's tariffed rates in a base rate proceeding. OCA avers that all tariffed rates should be eligible for review as a part of a base rate proceeding. OCA asserts that the proposed restrictions would prevent the parties from investigating the necessity for LIURP budget increases. OCA Comments at 22-23.

CAC raises concerns about the PUC's proposal to limit LIURP funding determinations to USECP proceedings. It asserts that this restriction fails to consider various occurrences such as utility rate increases, which could lead to payment troubles for customers. As such, CAC recommends that the PUC eliminate this proposed revision to § 58.4. CAC Comments at 2.

EJA raises concerns about the PUC's proposal to relegate LIURP funding determinations to USECP proceedings, in § 58.4(a.1) and (c). They argue that USECP proceedings are not sufficient to investigate a public utility's proposed needs assessment or budget, and that they may not be sufficient to assess the adequacy of program services to meet the needs of Pennsylvania families, as rates could increase in the intervening years. Specifically, they note the USECP proceedings rely on stakeholder comments only and occur once every five years. EJA submits that the PUC's approval of a rate increase without considering the need for a corresponding budget increase for universal service programs could negatively impact program services. EJA asserts that the PUC is responsible for overseeing public utility-administered universal service programs and should not impose regulatory restrictions that hinder its ability to assess the adequacy of programs services in base rate proceedings, where it determines the justness and reasonableness of public utility rates. Specifically, EJA recommends that the PUC revise the definition of "LIURP budget" to remove restrictions on reviewing LIURP funding determinations by striking proposed § 58.4(a.1) and (c). EJA Comments at 3-4.

OCA, CEO, and PAWPTF assert that USECPs are not on-the-record proceedings that are closed to the public with no evidentiary record ever created, and are not subject to formal discovery, testimony, evidentiary rules, or Administrative Law Judge involvement. OCA contends that the way USECP filings are currently addressed are procedurally different from on-the-record proceedings. CEO & PAWPTF note that ratepayers would have difficulty finding publicly available information and would have no opportunity to provide public input. CEO & PAWPTF argue that the proposal to limit revisions to a LIURP budget to a USECP proceeding would be an abrupt change of the PUC's decades long practice of addressing universal service issues in rate cases. OCA suggests that the proposed amendments be modified to make USECP filings adjudicatory proceedings before the ALJ where a record can be created. OCA asserts that this action would diminish the likelihood that parties would raise universal service issues in rate cases. CEO & PAWPTF aver that the proposal puts the interests of public utility above those of low-income ratepayers and should not be adopted. OCA Comments at 22-23; CEO & PAWPTF Comments at 6—8.

PA-CLEEC recommends allowing rate case parties to negotiate modifications to the LIURP budget established in USECPs but require that they be presented in a Petition to the PUC, supported by parties to a settlement. PA-CLEEC asserts that publishing notice of the Petition in the *Pennsylvania Bulletin* would allow a broader set of parties than those that participated in the rate case to provide comment on the proposed LIURP budget and plan modifications requested outside of USECP filings. PA-CLEEC Comments at 6—8.

§ 58.4(a.2) Special Needs Customers

Duquesne, PECO, NFG, CAUSE-PA, EAP, and EJA support the inclusion of § 58.4(a.2) to increase the allowance for spending up to 25% of a LIURP budget on eligible special needs customers. Duquesne notes that it currently allows up to 20% of LIURP participants to be special needs, with spending on these customers allowed to reach up to 50% of the annual budget. Duquesne submits that a limit of up to 25% of the budget is acceptable but asserts that a mandatory requirement to spend 25% is unreasonable as it could restrict the public utility's ability to meet customer needs. CAUSE-PA and EJA caution that expanded eligibility will erode program services to currently eligible households unless current funding levels are increased. Duquesne Comments at 6-7; PECO Comments at 4; CAUSE-PA Comments at 41-42; NFG Comments at 5; EAP Comments at 12-13; EJA Comments at 3-4.

PGW disagrees with reallocating LIURP funds from low-income customers with significant need to special needs customers. However, PGW states it has no objection if other public utilities spend up to 25% of their LIURP

budget at their election. PGW states that it has no issues spending the entirety of its LIURP budget on low-income customers as 23.6% of its residential customers earn less than 150% of the FPIG compared to Pennsylvania's average of 15.3%. PGW avers that changing the LIURP eligibility to 200% of the FPIG, instead of 150%, would divert essential services away from low-income customers and result in significant cost increases to ratepayers. PGW Comments at 1-2.

PGW recommends the following amendment to proposed § 58.4(a.2):

> *Special needs customers*. A public utility may **AT ITS ELECTION, BUT IT (sic) NOT REQUIRED TO,** spend up to 25% of its annual LIURP budget on eligible special needs customers as defined in § 58.2 (relating to definitions).

PGW Comments at 2-3.

§ 58.4(c)(1)—58.4(c)(8). Guidelines for revising program funding

Duquesne supports the changes proposed in § 58.4(c)(1) and (2) but opposes the changes in § 58.4(c)(3) and (5). Duquesne argues that public utilities lack knowledge about the total number of customers in their service territory who need medical equipment, have a disability, or are under a PFA order, as this information is not systematically tracked unless provided by the customer. Duquesne contends that mandating public utilities to determine such detailed customer information would be burdensome and costly, and the proposed regulation fails to demonstrate that the benefits of collecting this information would outweigh the associated costs. Duquesne Comments at 7.

PPL generally agrees with the PUC's proposal to limit the establishment and adjustment of substantive LIURP provisions to the USECP process, either through initial filings of the USECP or petitions to amend. However, PPL would like to retain the ability to adjust LIURP budgets in rate cases. PPL requests clarification on whether the proposed revisions to § 58.4(c) apply when the initial LIURP budget for a new USECP phase is originally established, when the existing LIURP budget for a USECP phase is being revised, or both. PPL Comments at 5-6.

EAP and NFG note their concerns regarding the proposed factors for setting the LIURP budget, asserting that public utilities may not have this data, or it may not be accurate. EAP and NFG suggest that if the PUC would like publicly available U.S. Census-level data used, it should be specified in the regulation. They submit that expecting public utilities to provide a budget necessary to cover all potentially eligible customers is unrealistic, as LIURPs are designed for energy conservation and funded by residential ratepayers. EAP and NFG assert that the proposed revisions to the LIURP budget process appear to treat public utilities as social service agencies, which is not their intended role. They submit that while LIURP can assist low-income customers, public utilities must also consider their obligations to provide reliable, reasonable, and safe service to all customers. EAP and NFG disagree with changing the reference in proposed § 58.4(c)(8) from "a reasonable period of time" to "a proposed timeline," as it would unfairly burden public utilities. EAP requests clarification if there is an alternative interpretation of "eligible customer" or "timeline." NFG Comments at 5; EAP Comments at 12—14.

UGI agrees with EAP's comments regarding the necessary factors to be considered when setting the LIURP budget. UGI recommends requiring proof of low-income status from estimated customers before receiving weatherization measures. UGI notes that this reflects the approach of the Pennsylvania Department of Community and Economic Development's (DCED) Weatherization Assistance Program (WAP). UGI submits that this could potentially increase the number of confirmed low-income customers eligible for CAP enrollment and other universal service programs. UGI Comments at 9-10, citing EAP Comments at 12-13.

TURN supports a needs-based approach to LIURP funding and asserts that all LIURP budgets should be based on the estimated and confirmed number of low-income, moderate-income, and special needs customers in its service territory. It stresses the importance of aligning program funding conditions with customer needs to ensure fairness, effectiveness, and efficiency. However, TURN suggests that proposed § 58.4(c) should clarify that needs-based criteria are a consideration at all times and not just during LIURP budget revisions. TURN Comments at 10.

UGI supports the proposed amendments to § 58.4(c) that LIURP budgets would only be revised in a USECP proceeding but recommends including the word "only" in § 58.4(c) to emphasize this limitation. Additionally, UGI agrees with EAP's comments regarding the necessary factors to be considered when setting the LIURP budget. UGI recommends that customers be required to provide proof of low-income status, if their income has not been verified, before receiving LIURP. UGI notes that this reflects the approach of DCED's WAP. UGI submits that this could potentially increase the number of confirmed low-income customers eligible for CAP enrollment and other universal service programs. UGI Comments at 9-10, citing EAP Comments at 12-13.

PECO opposes the mandate in proposed § 58.4(c)(1)—(c)(3) to consider certain populations regardless of whether those customers are high usage when revising a LIURP budget. PECO does not believe it is appropriate to base the budget for a usage-reduction-targeted program on the total number of estimated low-income, confirmed low-income, or special needs customers. PECO Comments at 4.

Duquesne seeks clarification of proposed § 58.4(c)(8) on whether "eligible customer" refers to all potentially eligible customers or expected participants, stating that reaching all eligible customers is unfeasible. Duquesne recommends keeping the existing language of "a reasonable period of time" over committing to a strict timeline, citing concerns about its ability to project accurate timelines for each job. Duquesne contends that the current language allows flexibility for adjustments based on conditions while still meeting the overall target. Duquesne Comments at 7-8.

CAUSE-PA recommends the PUC provide more clarity on how the proposed factors in § 58.4(c)(1)—(8) should be calculated or weighted when establishing a LIURP budget. CAUSE-PA asserts that LIURP budgets should have a reasonable nexus between the needs assessment and the provision of services to meet the identified need. CAUSE-PA also contends that a USECP proceeding pro-

vides no ability for stakeholders to investigate whether a public utility's assertions are appropriately assessed or whether a proposed timeline is just and reasonable because USECP proceedings are addressed through comments alone. CAUSE-PA is concerned about reliance on historical participation rates to assess funding needs as it could exacerbate issues with underperforming LIURPs resulting in a reduction of services in areas that are already underserved. CAUSE-PA Comments at 43-44.

CAUSE-PA recommends that the PUC amend § 58.4(c) to include an assessment of the depth of services needed (e.g., baseload, heating, cooling). CAUSE-PA states that consideration should be given to the age of housing stock, as well as winter and summer usage patterns based on location and climate. CAUSE-PA asserts that data used to assess the need for LIURP services should include census data, and other available statewide and national data sets such as data maintained by the Pennsylvania Housing Finance Agency (PHFA) and the Federal Department of Housing and Urban Development (HUD). CAUSE-PA recommends the PUC develop a standardized methodology for calculating a proposed LIURP budget based on the factors in § 58.4(c) that includes a nexus between the identified need, proposed annual funding and projected participation levels. CAUSE-PA urges the PUC to require public utilities to set a LIURP budget level that will serve identified need within a 15-year period and provide an explanation to justify deviations. CAUSE-PA Comments at 44-45.

CAUSE-PA further recommends that the PUC consider establishing a periodic statewide evaluation of need for LIURP services using a third-party evaluator. CAUSE-PA asserts that this would improve consistency in the availability of program services across the state. CAUSE-PA Comments at 45.

OCA agrees with the factors proposed in §§ 58.4(c)(1)—(8) to be considered in LIURP budget revisions and that a LIURP budget should be created based on a needs assessment. As it noted in its Reply Comments to the 2016 Secretarial Letter,[54] OCA supports establishing a standardized, uniform methodology to calculate a LIURP needs assessment. OCA asserts that the regulations should have a greater congruence between the needs assessment and the LIURP budget and how the needs assessment information is applied to the LIURP budgets. It contends that the needs assessment should be a direct link between the individual needs of the service territory, the established LIURP budget, and the number of dwellings treated annually. Furthermore, OCA asserts that its recommended additional factors as presented in its 2016 Comments[55] continue to be relevant for consideration in this proceeding except for its proposed timeline for completion. OCA Comments at 24-25.

OCA reiterates that eligibility requirements categories in §§ 58.4(c)(1)—(5) should be extended to include low-income customers up to 200% of the FPIG and to include special needs customers up to 300% of the FPIG. OCA Comments at 26.

OCA states that §§ 58.4(c)(7)-(8) should include a timeframe for the completion of program services that considers how long an eligible customer should go without LIURP or a timeframe for LIURP completion in the service territory. Furthermore, OCA supports the inclusion of the impact on utility rates to set a budget as a cost control mechanism but states that public utilities should also consider the impact of base rate increases as well as other rate/cost factors such as commodity cost increases which may exacerbate the need and effectiveness of LIURPs. OCA agrees that the PUC should establish a policy for the length of time it would be reasonable to provide services to all households and recommends that it should be incorporated into LIURP regulations. OCA further recommends that the PUC use a 15-year period as the benchmark for treating all eligible households with the goal to fund LIURP budgets appropriately. OCA notes that establishing a time frame that can be compared to each public utility is an integral part of ensuring public utility LIURPs are appropriately funded and available. OCA Comments at 27—29.

EJA states that the PUC should restore the explicit reasonableness requirement in § 58.4(c)(8) to ensure comprehensive energy reduction services are reasonably accessible to all those in need. EJA submits that the PUC should reinstate the explicit requirement to guarantee equitable access to comprehensive energy reduction services for all individuals in need. Specifically, EJA recommends that the PUC restore the requirement in § 58.4(c)(8) to contain the language "reasonable time" to develop a plan. EJA Comments at 3.

CAC notes that the PUC's proposed amendments aim to remove the public utilities' obligation to suggest a "reasonable" timeline for serving all identified eligible customers and proposes that utilities only be required to provide a proposed timeline without regard to reasonableness. CAC recommends that the PUC uphold the requirement for public utilities to propose a reasonable timeline. CAC Comments at 2.

CAC is also concerned with the PUC's proposal to introduce additional factors to LIURP's funding determination and fears these factors may lead to an inadequate review of overall need and potentially result in statewide funding gaps. It asserts that households that received services years ago may be eligible for services again and should not be omitted from obtaining a LIURP needs assessment. CAC further expresses its concern over the subjective nature of determining if a household is "not otherwise in need," as it feels that it increases the possibility of random exclusions that could block homes from benefiting from usage reduction services. CAC Comments at 3.

CEO & PAWPTF contend that the proposed amendments to § 58.4(c), limiting the revision of a LIURP budget to USECP proceedings, violate the legislated mandates at 66 Pa.C.S. §§ 2804(9) and 2203(8) to ensure that universal service and energy conservation programs are "appropriately funded and available." CEO & PAWPTF cite to the PUC's October 3, 2019 Order (October 2019 Order) at Docket No. M-2019-3012601 that established a "pilot USECP filing schedule" that increased the time period for public utilities to file their USECPs from three years to five years. CEO & PAWPTF state that the October 2019 Order indicated that the "pilot" USECP filing schedule would be in place longer than the time typically covered by a pilot program. CEO & PAWPTF argue that between the increased five-year USECP term and backlogs in USECP reviews, multiple rate increases could be approved by the PUC without any increase in LIURP funding. CEO & PAWPTF note that increases to LIURP funding could help lessen the impact of those multiple rate increases on low-income ratepayers. CEO & PAWPTF Comments at 3—6.

[54] OCA citing its Reply Comments to the 2016 Secretarial Letter at 15-16.
[55] OCA citing its Comments to the 2016 Secretarial Letter at 32-33.

PA-CLEEC recommends setting a uniformed floor budget for LIURP of 1% of public utility jurisdictional revenues. PA-CLEEC states that uniformed floor budget should reset annually based on updated revenue figures which would (1) position a public utility to address eligible customer needs in a reasonable period of time, and (2) address the decline in LIURP assistance caused by inflation. PA-CLEEC contends that higher budgets are needed so that at least 10% of eligible customers can receive program services each year. PA-CLEEC Comments at 6-7.

Based on these recommendations, PA-CLEEC suggests the following modifications to § 58.4:

(a.1) *General*. A public utility shall propose annual LIURP budgets for the term of a proposed USECP that is filed with the Commission for review and approval CONSISTENT WITH THE REQUIREMENTS OF THIS SUBSECTION. Upon approval of the USECP by the Commission, the public utility shall continue providing program services at the budget level approved in the USECP [~~unless the LIURP budget is revised in a future USECP proceeding~~]. THE GOAL OF LIURP BUDGETS SHALL BE TO FUND SERVICE TO AT LEAST TEN PERCENT (10%) OF ALL ELIGIBLE CUSTOMERS OF THE PUBLIC UTILITY FOR A PROGRAM YEAR, BUT IN NO EVENT SHALL A PUBLIC UTILITY'S LIURP BUDGET BE LESS THAN 1% IF [sic] ITS JURISDICTIONAL REVENUES. EACH PUBLIC UTILITY'S LIURP BUDGET SHALL BE RECALCULATED AND RESET ANNUALLY BASED ON ITS CALENDAR YEAR JURISDICTIONAL REVENUES AS SPECIFIED IN THE PUBLIC UTILITY'S MOST RECENTLY FILED ANNUAL REPORT WITH THE COMMISSION DESCRIBING ITS PENNSYLVANIA JURISDICTIONAL REVENUES.

(c) **[Guidelines for revising program funding] *Revisions to a LIURP budget*. A revision to a LIURP budget [~~is~~]MAY BE accomplished in a USECP proceeding OR IN A PUBLIC UTILITY'S GENERAL RATE PROCEEDING, SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION. IF A REVISION TO AN EXISTING AND APPROVED LIURP BUDGET OR LIURP IS APPROVED BY THE PRESIDING ADMINISTRATIVE LAW JUDGE IN A PUBLIC UTILITY'S GENERAL RATE PROCEEDING, WHETHER BY SETTLEMENT OR FULL LITIGATION, BEFORE THE COMMISSION REVIEWS AND THE RULES UPON THE PRESIDING ADMINISTRATIVE LAW JUDGE'S APPROVAL, THE PUBLIC UTILITY SHALL FILE A PETITION WITH THE COMMISSION SEEKING APPROVAL OF THE PETITION, AND PROVIDE FOR NOTICE OF SUCH PETITION IN THE *PENNSYLVANIA BULLETIN* IN ORDER TO ALLOW PARTIES WHO DID NOT PARTICIPATE IN THE GENERAL RATE PROCEEDING TO COMMENT ON THE PROPOSED LIURP AND LIURP BUDGET MODIFICATIONS BEFORE ISSUING ANY ORDER APPROVING, DENYING OR MODIFYING THE PROPOSED MODIFICATIONS.** A revision to a **public** utility's **[program funding level is to] LIURP budget must be [computed] based upon factors [listed in this section. These factors are] including the following:**

(d.1) *Unspent LIURP funds*. A public utility shall annually reallocate **AND UTILIZE unspent LIURP funds FROM ANY PARTICULAR PROGRAM YEAR AS AN INCREMENTAL ADDITION to the LIURP budget for the following program year unless an alternate use is approved by the Commission in a USECP proceeding.**

PA-CLEEC Comments at 6.

PA-CLEEC asserts its recommendations on LIURP budgets will not have a material impact on EDCs or NGDCs because LIURP budgets are fully recoverable in rates and will not impact a utility's cost recovery or earnings. PA-CLEEC contends that any financial impact from higher LIURP budgets should be offset by improved customer payments due to energy savings and reductions in costs related to customer assistance. PA-CLEEC Comments at 12.

§ 58.4(d.1) Pilot Programs

EAP has concerns about the potential compounding effect of carrying over LIURP budgets year-after-year in a five-year USECP. EAP recommends the PUC consider establishing a percent threshold or other limit on the amount of carryover allocated to the next year's LIURP budget. EAP further recommends redirecting unspent LIURP funds over this threshold to other USECP offerings or returning them to ratepayers. EAP Comments at 14.

Duquesne, NFG, Peoples, and UGI express concerns with the inclusion of § 58.4 that would mandate carrying over unspent LIURP funds from one program year to another. Peoples states it has challenges fully spending its LIURP budget, even without carryover from a prior year. UGI argues that effective budget management should demonstrate a need to rollover unspent funds and an ability to spend them, considering factors like resource constraints and the ability to access dwellings for weatherization measures. Duquesne contends that matters related to unspent funds should be addressed within public utility-specific USECP proceedings rather than being mandated. Peoples supports EAP's suggestion of introducing a percent threshold limit on LIURP carryover funds. Peoples submits that this percent threshold limit could redirect excess LIURP funds to other programs or return them to ratepayers, ultimately reducing costs for non-CAP residential ratepayers. Peoples asserts that the PUC could allow the rollover into another universal service program, such as a hardship fund. UGI submits that the proposed requirement is too prescriptive and may not guarantee that the utility can spend its entire LIURP budget for the following year, potentially compounding unspent funds. Duquesne Comments at 8-9; NFG Comments at 5; Peoples Comments at 1; UGI Comments at 10.

CAC, CAUSE-PA, EJA, OCA, PA-CLEEC, and TURN support the inclusion of proposed § 58.4(d.1) that would require a public utility to reallocate unspent LIURP funds to the following program year unless an alternate use is approved by the PUC in a USECP proceeding. CAUSE-PA, OCA, EJA, PA-CLEEC, and TURN recommend that § 58.4(d.1) should be clarified to make it clear that unspent LIURP funds from the prior year must supplement, not supplant, the LIURP funds available for the next program year. CAUSE-PA and EJA assert that public utilities have used carry-over funds to reduce the following year's budget by the carry-over amount. CAC

emphasizes the importance of using all allocated LIURP dollars for the program. TURN considers the requirement vital to ensure that all approved LIURP funds are applied to improve homes with the exception of administrative expenditures. CAUSE-PA Comments at 45-46; OCA Comments at 29-30; EJA Comments at 2—4; CAC Comments at 3; PA-CLEEC Comments at 3 and 6-7; TURN Comments at 10.

CAUSE-PA recommends modifying § 58.4(d.1) as follows:

(d.1) *Unspent LIURP funds*. A public utility shall annually reallocate unspent LIURP funds to SUPPLEMENT the LIURP budget for the following program year unless an alternate use is approved by the Commission in a USECP proceeding.

OCA asserts that there should be a way to address chronic budget overestimation and recommends that if a public utility cannot spend its annual LIURP allocation repeatedly that it should be required to propose a USECP amendment to modify its budget. It suggests that the PUC establish a threshold timeframe where an unspent carryover budget can be investigated after several years of continued unspent carryover. OCA asserts that a petition or review amendment process for the unspent LIURP budget would provide all interested stakeholders an opportunity to review and evaluate the budget and examine the reasons that the carryover budget continued over several years. OCA notes it will also allow all interested stakeholders a chance to contribute to the creation of an appropriate LIURP budget. OCA Comments at 29-30.

§ 58.4(e) Recovery of LIURP Costs

Duquesne supports the changes proposed in § 58.4(e), noting that LIURP budgets should be determined through USECP proceedings, with the recovery of associated costs to be determined in rate proceedings. Duquesne Comments at 8-9.

Stakeholder Reply Comments on § 58.4

§ 58.4(a.1)

OCA reiterates its concerns that the language proposed at § 58.4(a.1) would unnecessarily constrain the ability to address an aspect of a public utility's tariffed rates in a base rate proceeding. In response to UGI's and PPL's comments regarding addressing the LIURP budget in USECP proceedings, OCA submits that it would unlawfully limit the ability of the parties to explore the need for LIURP budget increases, particularly considering proposed base rate proceeding increases. OCA supports the concerns raised by CAUSE-PA, TURN, CEO & PWPTF, EJA, and CAC about addressing LIURP only within USECP proceedings. OCA RC at 31, citing UGI Comments at 9, PPL Comments at 5-6, CAUSE-PA Comments at 35—40, TURN Comments at 5-6, CEO & PWPTF Comments at 3—7, EJA Comments at 3, and CAC Comments at 3.

Senator Flynn and Representative Mullins support the positions of the OCA, CAUSE-PA, CEO & PWPTF, and other commenters that opposed the proposed amendments to § 58.4 regarding the review of LIURP budgets. They argue that moving the review of LIURP budgets from a rate case proceeding to USECP proceedings will have a major impact on LIURP funding levels in future years. Senator Flynn and Representative Mullins assert that the USECP review process does not allow for the same level of public input and involvement as the rate case process. They contend that this change could result in stagnant LIURP funding over a five-year period during which electric and natural gas rates could increase several times. Senator Flynn and Representative Mullins RC at 1-2.

Senator Flynn and Representative Mullins reference the Competition Acts, stating that the statutes permit public utility cost recovery of universal service and energy conservation programs through rates charged to customers. Therefore, they maintain that the Competition Acts mandate that the PUC include LIURP budget review in the rate case process. Senator Flynn and Representative Mullins RC at 2.

TURN agrees with other commenters, including CAUSE-PA, EJA, and CEO & PWPTF, in submitting that excluding LIURP review from rate cases and other proceedings would be against the law and violative ratemaking principles. TURN RC at 5-6.

§ 58.4(a.2)

OCA supports the proposed inclusion of spending up to 25% of LIURP budget on special needs customers at the increased income limits and the prioritization protocols that it recommended to the definition of special needs in its Comments. OCA notes that the PUC currently has a set-aside for up to 20% of the budget allocated to special needs customers and that the proposed revisions to the definition allows additional criteria to define a special needs customer. OCA recommends that the additional criteria be used for prioritization. OCA submits that regardless of whether public utilities are currently collecting the proposed special needs criteria data, it does not mean that they do not have the ability to do so. OCA asserts that public utilities could also screen high-usage customers for eligibility and use those factors to prioritize the customer as special needs. OCA RC at 32-33.

OCA disagrees with PGW's proposal to make the provision in § 58.4(a.2) voluntary. OCA submits that making the provision voluntary would result in discrepancies in program services across public utility service territories. OCA notes that disparities in income eligibility requirements could be confusing for ESPs who work in more than one public utility service territory. OCA recommends either increasing PGW's LIURP budget to set aside funding for special needs customers or requiring PGW to file a petition for a regulatory waiver to allow the PUC to determine whether such a waiver is appropriate for an individual public utility. OCA opines that PGW should not specifically be carved out of the provision or that the provision should be voluntary. OCA RC at 33-34, citing PGW Comments at 2-3.

§ 58.4(c)(1)—(8)

CAUSE-PA notes that EAP's argument that an expansion of LIURP would adversely affect ratepayers fails to acknowledge the substantial short and long-term benefits of LIURP. CAUSE-PA asserts that consideration of LIURP costs must include all corresponding benefits. CAUSE-PA reiterates that when LIURP and other assistance programs are used together, energy bills are more affordable over the long term, which results in improved payment behavior, collections, termination rates, uncollectible expenses, and universal service costs. CAUSE-PA

notes that this is in addition to the health, safety, and public benefits that LIURP provides to participants and communities. CAUSE-PA RC at 3-4, citing EAP Comments at 8-9.

CAUSE-PA also asserts that while LIURP is included in each public utility's impact evaluation, the in-depth evaluation of the cost-savings and benefits associated with LIURP is limited across public utilities. CAUSE-PA highlights Columbia's 2017 Impact Evaluation and PECO's 2014 Impact Evaluation, stating that the impact evaluations do not quantify the full range of savings associated with the delivery of comprehensive usage reduction services.[56] CAUSE-PA states that contrary to EAP's assertions, the PUC's 2023 NOPR aims to realize the full benefit of programming by making necessary adjustments to remove barriers actively preventing the maximizing of potential LIURP benefits. CAUSE-PA contends that these benefits extend to all residential ratepayers and public utilities, not just LIURP recipients. CAUSE-PA RC at 4—8.

CAUSE-PA recommends that the PUC require more specific analysis in third-party impact evaluations. CAUSE-PA suggests that evaluators be required to conduct both qualitative and quantitative evaluations of LIURP performance metrics, including assessing non-energy benefits, such as improved health outcomes. CAUSE-PA opines that improving impact evaluations can provide a more holistic assessment of the full range of benefits in tandem with consideration of costs. CAUSE-PA RC at 7-8.

Responding to PECO and EAP's comments, OCA states that the factors at § 58.4(c)(1)—(3) are important to consider as a part of the LIURP budget. OCA notes that the factors represent the portion of the total income-eligible population in the service territory and that the inclusion of these factors provides important context for the size and scope of the population to be addressed as a part of universal service programs. OCA asserts that § 58.4(c)(4) and (5) further refines that population to the total number of eligible customers but these factors alone do not represent the full picture and scope of the issues. OCA disagrees that the public utilities do not have access to the number of estimated low-income customers or confirmed low-income customers. OCA submits that EAP does not specify what data public utilities are not collecting, noting that they are already required to collect the number of confirmed and estimated number of low-income customers. OCA agrees with EAP that the PUC should provide guidance regarding how to calculate each factor so that there is consistency across the public utilities; however, OCA does not agree that such a calculation is an obstacle to collecting this data. OCA RC at 36, citing PECO Comments at 4 and EAP Comments at 12-13.

OCA notes that CAUSE-PA, EJA, and CAC share its concerns with the proposed amendments in § 58.4(c)(8) that would remove a "reasonable timeline" and replace it with a "proposed timeline." OCA notes that while EAP shared the same concern with removing the reasonable timeline, OCA disagrees with EAP's perspective on the obligations of the public utilities to weatherize all potentially eligible customers in their service territories. OCA submits that the PUC's proposal to eliminate the reasonable timeline may result in extremely different timeframes for the establishment of a LIURP budget. OCA agrees with EJA that the PUC should restore this specific requirement to ensure that comprehensive energy reduction services are accessible to those in need. OCA RC at 40-41, citing CAUSE-PA Comments at 43, EJA Comments at 3, CAC Comments at 2, and EAP Comments at 13.

OCA agrees with the need for further refinement of the data collected, as proposed by CAUSE-PA and CAC. OCA references CAUSE-PA's idea to address the need for greater uniformity in how needs assessments are created and how they are used. OCA notes that while there are potential benefits to a neutral party identifying the need in each service territory, there are other variables to consider, such as how a statewide evaluator would be funded. OCA recommends that the PUC examine whether a statewide evaluator for a needs assessment is feasible. OCA RC at 37—39, citing CAUSE-PA Comments at 44 and CAC Comments at 3.

OCA agrees with UGI that income verification could be a part of the application process for estimated low-income customers or special needs customers that are targeted for LIURP assistance, noting that this process does not need to be included in the regulations. OCA submits that each public utility should develop a streamlined process to verify income for customers that they do not currently have income for. OCA RC at 37, citing UGI Comments at 9-10.

EAP agrees with commenters that oppose amending the provision in § 58.4(c)(8) to require public utilities to provide program services "within a proposed timeline." EAP states that expecting public utilities to provide LIURP to all eligible customers within a five-year timeline, or any other timeline, is unreasonable. EAP argues that it is impractical, disregards other available weatherization programs, removes customer choice, and sets an unattainable target. EAP highlights that low-income households often move and their need for LIURP could change frequently. EAP submits that LIURP should be evaluated through a cost-benefit analysis for the residential rate base, and it cautions against requiring excessive costs and financial burdens on ratepayers in areas with a high proportion of low-income customers. EAP RC at 7-8, citing OCA Comments at 28.

EAP suggests that the PUC maintain LIURP as a small piece within the broader context of Pennsylvania's weatherization network. EAP disagrees with commenters that believe it is only the public utility's responsibility to address the weatherization needs of low-income customers. EAP notes that the Electric Competition Act mandates the PUC guarantee that universal service and energy conservation policies, activities, and services are adequately funded and accessible in each EDC territory. EAP submits that although there is no clear definition of "appropriate" in the statute, EAP interprets it as a balance between program benefits and costs to ratepayers, like utility ratemaking principles. EAP RC at 8-9.

EAP disagrees with CAC's suggestions to stop considering the number of dwellings that already received LIURP as part of a needs assessment. EAP submits that the needs assessment should accurately reflect the necessity for services in a specific territory and that already weatherized homes do not need additional ratepayer-funded weatherization. EAP stresses the importance of maintaining a targeted needs and budgetary calculation, considering the varying needs of public utility service

[56] CAUSE-PA citing Columbia's 2017 Impact Evaluation prepared by Melanie Popovich, Utility Business Consultant, dated September 1, 2017, (https://www.puc.pa.gov/general/pdf/USP_Evaluation-Columbia.pdf), and PECO's 2014 Impact Evaluation prepared by APPRISE, dated April 2016, (https://www.puc.pa.gov/General/pdf/USP_Evaluation_LIURP-Peco.pdf). (Each accessed on December 3, 2024.)

territories. EAP highlights the challenges public utilities face in finding willing participants and contractors for existing LIURP jobs and warns against expanding LIURP based on an artificially broader needs net, which could lead to wasteful spending and budget rollovers. EAP RC at 9-10, citing CAC Comments at 3.

PECO recommends that the PUC reject proposals asking for across-the-board or recurring LIURP budget increases. PECO states that while it recognizes the need to increase the LIURP budget for program services, it avers that mandated budget increases could result in excessive impacts to customer bills, including those with low-to-moderate incomes and CAP customers. PECO asserts that changes to the LIURP budget should be addressed in public utility-specific proceedings (i.e., USECP proceedings and base rate proceedings), which offer an opportunity to evaluate customer needs and issues in a specific public utility's service territory. PECO RC at 2-3.

TURN disagrees with suggestions for § 58.4(c) articulated by PECO and EA. TURN supports the proposed factors to be considered in LIURP budgets and states that it appropriately requires consideration of potentially eligible LIURP customers. TURN submits that considering the potential pool of eligible customers is a key part of the budgeting process for LIURP and that concerns raised by PECO and EAP are unnecessary. TURN RC at 6-7, citing PECO Comments at 4 and EAP Comments at 13.

Duquesne disagrees with PA-CLEEC's assertion that higher LIURP budgets will not have a material impact on EDCs and NGDCs because increases to LIURP budgets are fully recoverable in rates and do not impact recovery or earnings. Duquesne states that PA-CLEEC has no credible basis for this assertion and notes that increased costs directly impact EDC and NGDC customer satisfaction, brand, reputation, and regulatory compliance regarding customer satisfaction metrics. Duquesne asserts that PA-CLEEC is not accountable for public utility financial or customer service performance and should be disregarded on this matter. Duquesne Letter in Lieu of RC at 2-3, citing PA-CLEEC Comments at 12.

PPL disagrees with CAUSE-PA's proposal to establish a periodic statewide evaluation of LIURP need using a neutral third-party evaluator to improve consistency in LIURPs across Pennsylvania. PPL argues that USECP programs, including LIURP, are already evaluated every five years in USECP proceedings. PPL submits that its current processes for developing LIURP budgets are effective and do not require modification by incorporating a third-party statewide evaluator. PPL RC at 5, citing CAUSE-PA Comments at 45.

PPL opposes PA-CLEEC's proposal to implement a uniform floor budget of 1% of public utility jurisdictional revenues annually for LIURP. PPL argues that LIURP budgets should be determined by factors such as demand for LIURP jobs, availability of ESPs, and customer interest. PPL supports leaving LIURP budget development to individual public utility USECP proceedings. Further, PPL asserts that setting a budget floor based on total revenues disregards the fact that only residential customers pay for LIURP-associated costs, and their contributions vary among EDCs and NGDCs due to differing customer counts and usage patterns. PPL argues that this approach would disproportionately impact residential customers across service territories. PPL further argues it is unreasonable to set an arbitrary floor for LIURP funding and then roll over unspent LIURP funds from one program year to the next. PPL contends that this would lead to inflated LIURP budgets not reflective of service territory characteristics and negatively impact residential customers. PPL RC at 5—7, citing PA-CLEEC Comments at 6-7.

In response to EAP comments that the proposed LIURP budget factors appear to treat public utilities as social service agencies, PA-CLEEC asserts that the relationship between LIURP and CAP should be considered in a more accounting-like manner. PA-CLEEC recommends that the PUC view LIURP as an investment and CAP as an expense. PA-CLEEC suggests that LIURPs can reduce the expense of CAPs because payment-challenged low-income ratepayers will receive lower bills because of energy savings thereby yielding savings in CAP expenditures. PA-CLEEC posits that this would allow public utilities to allocate more universal service funds to LIURP. PA-CLEEC opines EAP would agree it is within the purview of a public utility to pursue greater efficiency in the application of residential ratepayer funds and claims that EAP has made or implied this argument frequently. PA-CLEEC concludes that shifting some of the CAP budget to LIURP appears to be consistent with EAP's perspective and adds that ensuring savings from LIURPs decrease the expenses associated with CAPs should be of higher importance to the public utilities. PA-CLEEC RC at 2-3, citing EAP Comments at 13.

§ 58.4(d)

CEO & PAWPTF support CAUSE-PA's proposed revision to § 58.4(d.1) to clarify that unspent LIURP funds from the prior year must supplement, not supplant, the LIURP funds available for the next program year regarding unspent carryover. CEO & PAWPTF RC at 3, citing CAUSE-PA Comments at 45-46.

EAP supports the proposed inclusion of § 58.4(d.1) if the PUC clarifies it to be additive rather than substitutive towards the LIURP budget for the following program year. However, EAP reiterates its concerns about the potential compounding effect of continued, additive rollover budgets. EAP suggests that the PUC consider implementing a percent threshold or other limit where unspent LIURP funds would not need to be reallocated to future program years but could instead be redirected to other USECP offerings or returned to ratepayers. EAP proposes a cap of no more than 20% for permitted rollover amounts. EAP RC at 10.

OCA supports the recommendations of CAC, CAUSE-PA and EJA that § 58.4(d.1) be clarified to make it clear that unspent LIURP funds rolled over do not supplant the budgeted funds for the following program year. OCA disagrees with EAP's proposed rollover threshold process and UGI's argument about prudent spending. OCA submits that LIURP budgeted funds should be used to further address LIURP needs and not be used for other universal services programs as proposed by EAP. OCA argues that if a public utility is not able to spend its annual LIURP allocation year after year for several years, then the public utility should be required to propose a plan amendment to change the budget or to provide a plan to reach more households. OCA submits that the PUC can establish a timeframe for when a LIURP budget can be re-examined after several years of unspent carryover. OCA suggests that a Petition or amendment process be established so that interested stakeholders could make recommendations about the

budget. OCA RC at 41-42, citing CAC Comments at 3, EJA Comments at 2, EAP Comments at 13, and UGI Comments at 10.

TURN opposes Peoples, UGI, and Duquesne's proposals to redirect unused LIURP funds to ratepayers instead of carrying over unspent funds to the LIURP budget for the following program year. TURN supports the proposed inclusion of § 58.4(d.1) and submits that there is a high need for LIURP and the entire LIURP budget, including rollover funds, should be spent to meet those needs. TURN urges the PUC to clarify that amounts rolled over from one year to the next should increase the public utility's LIURP budget. TURN RC at 7-8, citing Peoples Comments at 2, UGI Comments at 10, and Duquesne Comments at 8.

Disposition on § 58.4

We discussed the stakeholder comments regarding the individual subsections of § 58.4 above; however, in this disposition we will address § 58.4 as a whole.

As defined in the final-form regulations, a LIURP budget is the "expected cost of providing program services in a given program year, as approved by the Commission." Recovery of the costs of providing program services are funding issues and are not resolved in the formulation of a universal service program within a USECP.

Section 2203(6) of the Public Utility Code provides that "[a]fter notice and hearings, the [PUC]. shall establish for each natural gas distribution company an appropriate nonbypassable, competitively neutral cost-recovery mechanism which is designed to recover fully the natural gas distribution company's universal service and energy conservation costs over the life of these programs." This funding process takes place in an NGDC's rate case. The corresponding provision for an EDC is 66 Pa.C.S. § 2804(9).

Section 2203(7) of the Public Utility Code provides that the PUC "shall, at a minimum, continue the level and nature of the consumers protections, policies and services within its jurisdiction that are in existence as of the effective date of this chapter to assist low-income retail gas customers to afford natural gas services." The corresponding provision for an EDC is 66 Pa.C.S. § 2802(10).

Section 2203(8) of the Public Utility Code provides that the PUC "shall ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory." The corresponding provision for an EDC is 66 Pa.C.S. § 2804(9).

The existing § 58.4(a) established that an NGDC would fund its usage reduction program (i.e., LIURP) at a minimum of 0.2% of its jurisdictional revenues. The corresponding provision for EDCs in existing § 58.4(b) provides that a "target annual funding level . . . is computed at the time of the [PUC's] initial approval of the [public] utility's proposed [LIURP]."

After reviewing the IRRC comments, the stakeholders' comments, the original intent of § 58.4, and our goal of setting out the purpose of a LIURP budget and LIURP funding, we recognize that the proposed § 58.4 requires some significant revision.

First, we will address IRRC's questions to proposed § 58.4(a.2) regarding (1) how increasing the percentage of LIURP spending on special needs customers may impact the public utility's ability to address the needs of existing eligible customers; and (2) how the PUC will ensure public utilities are assessing the needs of all eligible customers. We clarify that consistent with the existing and proposed provisions regarding special needs customers, a public utility has discretion in using a percentage of its LIURP budget to serve the population of special needs customers. Also, consistent with the existing and proposed provisions, the PUC ensures public utilities assess the needs of its eligible customer population as part of the USECP approval process. We address stakeholders' specific comments to § 58.4(a.2) below.[57]

Consistent with the PUC's disposition of stakeholder comments related to the definition of "special needs customers," we decline to expand the income threshold for low-income customers to 200% of the FPIG and to 300% of the FPIG for special needs customers in §§ 58.4(c)(1)—(5). Further, while we recognize that universal service programs are most effective when working in tandem, we decline to incorporate a provision to allow unspent funds for LIURPs to be allocated to other universal service programs. Such a provision, which could include using ratepayer funds for hardship fund grants,[58] would be outside the scope of this rulemaking proceeding.

As it pertains to PA-CLEEC's recommendation to set a uniformed floor budget of 1% of public utility jurisdictional revenues, we decline to adopt PA-CLEEC's proposal. We agree with the stakeholders that maintain that LIURP budgets should be based on the needs in a public utility's service territory and set in public-utility-specific proceedings.

Next, we have considered the concerns raised by IRRC and some stakeholders opposing the proposed amendments in §§ 58.4(a.1) and (c) that would restrict the ability to modify a LIURP budget in non-USECP proceedings. We recognize that while it is appropriate to determine the effectiveness and prudence of universal service costs in a USECP proceeding, we also recognize that it is necessary to evaluate the appropriateness of a LIURP funding requirement in non-USECP proceedings such as rate cases. The recoverable costs of a public utility's universal service programs are borne by its residential ratepayers.[59] We acknowledge that rate case proceedings, for example, allow parties to, inter alia, consider the justness and reasonableness of the cost of a public utility's universal service programs including its LIURP. Accordingly, we have revised § 58.4(a.1) and (c) to clarify that a LIURP budget may be modified subject to approval in a Commission proceeding. We have also made similar clarifications throughout the final-form Chapter 58.

In response to IRRC's question regarding whether the amendments proposed in § 58.4(c) would apply to a new LIURP budget or a revised LIURP budget or both, we clarify that the amendments proposed in § 58.4(c) apply when a public utility proposes to either establish or revise an annual LIURP budget. While § 58.4(a.1) requires a public utility to propose an annual budget for the term of its USECP, the factors proposed in § 58.4(c) must be given equal weight in proposing annual LIURP budgets

[57] We address comments regarding the proposed amendments to the definition of "special needs customer" in the Disposition of § 58.2. Special needs customer segment of this FFRO Preamble.

[58] For most public utilities, hardship fund grants are funded through voluntary and shareholder contributions. The costs of these grants are not recovered from ratepayers.

[59] PGW is an exception in that all of its ratepayers bear part of the cost of its universal service programs. The Final Policy Statement and Order in Docket No. M-2019-3012599 (Order entered on November 25, 2019) at 24 noted that "PGW recovers CAP costs from all customer classes. Allocation amounts change annually, but approximately 3/4 of these costs are recovered from residential customers."

for the term of the USECP[60] and when proposing to revise its existing LIURP budget.

To address the concerns stakeholders raised regarding the intention of proposing additional factors in § 58.4(c), we clarify that the proposed factors are intended to set an appropriate LIURP budget based on a uniformed needs assessment, which identifies the number of potentially eligible customers within a service territory and the costs associated with serving them. The proposed factors do not restrict a public utility's ability to propose to incorporate additional factors in connection with its LIURP eligibility criteria or specific to its service territory, as appropriate. The additional factors proposed in the 2023 NOPR are not intended to create additional time and increased expenses for public utilities as suggested by some stakeholders. A public utility is required to track and report most of these data under the existing provisions in §§ 58.15, 54.75, and 62.5, with the exception of data related to special needs customers.[61] Therefore, we agree with stakeholders to clarify that the number of estimated customers should be based on U.S. Census data.

In response to IRRC and stakeholder comments regarding proposed § 58.4(c)(8), we recognize that most stakeholders' support keeping the existing term "reasonable period of time." As such, we have retained the existing term "reasonable period of time." We clarify that the term "reasonable period of time" is not intended to be restrictive but reflects an estimated timeframe based on a public utility's needs assessment and operational capacity while allowing flexibility for unexpected circumstances that may arise.

Further, we decline to adopt CAUSE-PA's recommendation to use a third-party evaluator to perform periodic statewide evaluations. We agree with EAP and PPL's assertions that universal service programs, including LIURPs, are evaluated through periodic USECP proceedings and third-party universal service impact evaluations, which include a review of a public utility's needs assessment.

As it pertains to IRRC's and stakeholders' comments to proposed § 58.4(d.1), we clarify that unspent LIURP funds re-allocated to the following program year budget are an addition to the funds available for that next program year. We agree with the stakeholders' that unspent LIURP funds re-allocated to the following program year should be spent first. This is a standing practice that has been addressed in public utility USECP proceedings and rate case settlements.[62] Proposed § 58.4(d.1) requires approval for alternate uses of LIURP funds. We have adopted the stakeholders' recommendation to identify a potential alternate use. As such, proposed § 58.4(d.1) was modified to include language specifying that an alternate use of unspent LIURP funds may include providing program services to eligible customers with household income up to 250% of the FPIG, subject to PUC approval. The PUC reviews public utility LIURP spending and production data on an annual basis and addresses issues that arise regarding unspent LIURP budgets accordingly. Further, we decline to adopt EAP's recommendation to implement a percent threshold (i.e., up to 20%) for re-allocating unspent LIURP funds to the following program year. We agree with OCA that if a public utility carries over more than 10% of its LIURP budget over multiple consecutive years, the public utility's LIURP budget should be reevaluated in a PUC proceeding with stakeholder input.

Accordingly, the final-form § 58.4 has been revised[63] to more closely align with the existing § 58.4 as follows:

§ 58.4. **[Program funding] LIURP budgets.**

(a) **[*General guidelines for gas utilities.* Annual funding for a covered natural gas utility's usage reduction program shall be at least .2% of a covered utility's jurisdictional revenues. Covered gas utilities shall submit annual program budgets to the Commission. A covered gas utility will continue to fund its usage reduction program at this level until the Commission acts upon a petition from the utility for a different funding level, or until the Commission reviews the need for program services and revises the funding level through a Commission order that addresses the recovery of program costs in utility rates. Proposed funding revisions that would involve a reduction in program funding shall include public notice found acceptable by the Commission's Bureau of Consumer Services, and the opportunity for public input from affected persons or entities.] {Reserved}.**

(a.1) *General.*

(1) A public utility shall INCLUDE [~~propose~~] PROPOSED annual LIURP budgets for the term of a proposed USECP that is filed with the Commission for review and approval.

(2) Upon approval of the USECP by the Commission, the public utility shall continue providing program services at the LIURP budget [~~level~~] LEVELS approved in the USECP [~~unless~~] UNTIL the LIURP budget is revised in a future [~~USECP~~] COMMISSION proceeding.

(a.2) *Special needs customers.* A public utility may spend up to 25% of its annual LIURP budget on eligible special needs customers as defined in § 58.2 (relating to definitions).

(b) [*General guidelines for electric utilities.* A target annual funding level for a covered electric utility is computed at the time of the Commission's initial approval of the utility's proposed program. A covered electric utility shall continue funding the program at that level until the Commission acts upon a petition

[60] Sections 54.74 and 62.4 directed EDCs and NGDCs, respectively, to file triennial USECPs every three years on a staggered schedule. 52 Pa. Code § 54.74 and § 62.4. In Universal Service and Energy Conservation Plan (USECP) Filing Schedule and Independent Evaluation Filing Schedule, by Order entered on October 3, 2016, the interval was extended to every five years. An existing USECP remains in effect, in whole or in part, until a new USECP is approved by the PUC, in whole or in part. October 3, 2019 Order at 13—17.

[61] Annual Universal Service Programs & Collections Performance Reports published on the PUC website at https://www.puc.pa.gov/filing-resources/reports/universal-service-programs-and-collections-performance-reports/. (Accessed on December 3, 2024.)

[62] For example, see PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023) at 114—116 and PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 91-92. See also *Pa. Pub. Util. Comm'n, et al. v. Columbia*, Docket No. R-2022-3031211 (Order entered on December 8, 2022); *Pa. Pub. Util. Comm'n, et al. v. PECO Order*, Docket No. R-2021-3024601 (Order entered on November 18, 2021); *Pa. Pub. Util. Comm'n, et al. v. UGI Utilities, Inc. Gas Division*, Docket No. R-2018-3006814 (Order entered on October 4, 2019); and *Pa. Pub. Util. Comm'n, et al. v. FirstEnergy Companies*, Docket No. R-2016-2537349 (Order entered on January 19, 2017).

[63] We have revised, throughout the FFRO Annex A, without further specific comment in this FFRO Preamble, the way reserved sections and subsections are designated, consistent with LRB 6th ed. directives. "(Reserved)" has be changed to "{Reserved}."

from the utility for a revised funding level, or until the Commission reviews the need for program services and revises the funding level through a Commission order that addresses the recovery of program costs in utility rates. Proposed funding revisions that would involve a reduction in program funding shall include public notice found acceptable by the Commission's Bureau of Consumer Services, and the opportunity for public input from affected persons or entities.] {Reserved}.

(c) **[** ***Guidelines for revising program funding.*** **]** **[** ~~***Revisions to a LIURP budget.***~~ **]** ***GUIDELINES FOR ESTABLISHING OR REVISING A LIURP BUDGET.*** A **[** ~~**revision to a**~~ **]** **[covered]** **public** utility's **[program]** **LIURP** **[budget]** funding level **[** ~~**is to**~~ **]** **[** ~~**must**~~ **]** **SHALL** be computed based upon factors **[listed in this section. These factors are]** **including** the following:

(1) The estimated number of customers by FPIG levels IDENTIFIED THROUGH CENSUS DATA:

(I) 0% through 50%.

(II) 51% through 100%.

(III) 101% through 150%.

(IV) 151% through 200%.

(2) The number of confirmed low-income customers by FPIG levels

(I) 0% through 50%.

(II) 51% through 100%.

(III) 101% through 150%.

(IV) 151% through 200%.

(3) The number of special needs customers.

[(1)] **(4)** The number of eligible **confirmed low-income** customers that could be provided **[cost-effective usage reduction]** **program** services. The calculation **[shall]** **[** ~~**must**~~ **]** **SHALL** take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, [usage reduction] **program** services.

(5) The number of eligible special needs customers that could be provided program services. The calculation [~~**must**~~ **] SHALL take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, program services.**

[(2)] **(6)** **[Expected]** **THE EXPECTED** customer participation rates for eligible customers. Expected participation rates **[shall]** **[** ~~**must**~~ **]** **SHALL** be based on **the number of eligible confirmed low-income customers and** historical participation rates **[when customers have been solicited through approved personal contact methods]**.

[(3)] **(7)** The total expense of providing **[usage reduction]** **program** services, including costs of program measures, **energy** conservation education **and training** expenses and prorated expenses for **[program]** **LIURP** administration.

[(4)] **(8)** A plan for providing program services **to eligible customers** within a **[** ~~**reasonable period of time**~~ **]** **[** ~~**proposed timeline**~~ **]** **REASONABLE PERIOD OF TIME**, with consideration given to **[the contractor]** **ESP** capacity necessary for provision of services**, including time and materials,** and the impact on **PUBLIC** utility rates.

(d) **[** ***Pilot programs.*** **Covered utilities are encouraged to propose pilot programs for the development and evaluation of conservation education and other innovative technologies for achieving the purposes of residential low income usage reduction.] {Reserved}.**

(d.1) ***Unspent LIURP funds.*** **A public utility shall annually reallocate unspent LIURP funds to the LIURP budget for the following program year unless an alternate use is approved by the Commission [** ~~**in a USECP proceeding**~~ **]. AN ALTERNATE USE MAY INCLUDE USING UNSPENT LIURP FUNDS TO PROVIDE PROGRAM SERVICES TO ELIGIBLE CUSTOMERS WITH HOUSEHOLD INCOME UP TO 250% OF THE FPIG.**

(e) *Recovery of* **LIURP** *costs.*

(1) **[Program expenses shall]** **LIURP costs INCURRED BY A PUBLIC UTILITY [** ~~**must**~~ **] ARE TO BE FUNDED BY A NONBYPASSABLE, COMPETITIVELY NEUTRAL COST MECHANISM UNDER 66 PA.C.S. § 2203 (RELATING TO STANDARDS FOR RESTRUCTURING OF NATURAL GAS UTILITY INDUSTRY) OR UNDER 66 PA.C.S. § 2804 (RELATING TO STANDARDS FOR RESTRUCTURING OF ELECTRIC INDUSTRY) [** ~~**be**~~ **]** allotted among ratepayers. [The precise method of allocation between capital and expense accounts shall be determined in future rate proceedings.] **THE PRECISE METHOD OF ALLOCATION BETWEEN CAPITAL AND EXPENSE ACCOUNTS SHALL BE DETERMINED IN FUTURE RATE PROCEEDINGS.**

(2) Recovery of **[program expenses shall]** **LIURP costs will** be subject to Commission review of the prudence and effectiveness of a **public** utility's administration of its **[low income residential usage reduction program]** **LIURP**.

(3) The LIURP funding mechanism and the allocation between capital and expense accounts [~~**must**~~ **] WILL be determined in a public utility's rate proceeding.**

Section 58.5. Administrative costs

In the 2023 NOPR, we proposed to divide this section into § 58.5(a) titled "LIURP administrative costs" and § 58.5(b) titled "LIURP pilot program administrative costs" to clarify the different limits associated with LIURP administrative costs and pilot program administrative costs. We noted that the terms in this proposed section were updated consistent with the proposed definitions in § 58.2. 2023 NOPR Preamble at 41.

Stakeholder Comments on § 58.5

EAP, NFG, and PPL support the proposed changes to § 58.5 and Duquesne does not oppose it. EAP Comments at 14; NFG Comments at 6; PPL Comments at 6; Duquesne Comments at 9.

CAUSE-PA states that the 15% cap on administrative costs at § 58.5 should apply to administrative costs of pilot programs. CAUSE-PA avers that pilot programs cannot be properly evaluated to be a permanent program if their structure is fundamentally different than the public utility's existing LIURP. CAUSE-PA asserts that if a public utility anticipates that additional administrative costs are needed to develop and launch a pilot program, it could seek a regulatory waiver from the PUC. CAUSE-PA Comments at 49.

PGW opposes limiting administrative costs to 15% of the annual LIURP budget. PGW points out that, in its USECP proceeding,[64] the PUC granted a waiver of § 58.5 because its LIURP design is based on industry-standard Total Resource Cost (TRC) cost-effectiveness targets and administrative expenses that exceed the 15% cap. PGW asserts that treating dwellings more comprehensively necessitates additional administrative costs for scheduling, subcontractor coordination, and health and safety remediations. PGW Comments at 3.

Stakeholder Reply Comments on § 58.5

EAP disagrees with CAUSE-PA's recommendation to apply the 15% administrative cost cap to all administrative expenses, including those associated with pilot programs. EAP asserts that imposing a hard limit on administrative costs for pilot programs could deter innovation and recommends maintaining flexibility. EAP RC at 10-11, citing CAUSE-PA at 50-51.

OCA opposes PGW's proposal to eliminate the administrative cost caps in § 58.5. OCA argues that PGW did not explain why the use of its TRC process cannot still operate under an administrative cap. OCA notes that the purpose of an administrative cap is to ensure that the programs operate efficiently and that the program funding is spent primarily on providing customer benefits and the implementation of services. OCA RC at 43-44, citing PGW Comments at 3.

Disposition on § 58.5

As noted above, § 58.5 in the final-form regulations addresses LIURP pilot program administrative costs separately from LIURP administrative costs. The 15% LIURP administrative cost cap is an existing provision of § 58.5 and is not applicable to LIURP pilot programs. We note there have been minimal proposals from public utilities requesting a waiver of the 15% administrative cost cap since the promulgation of § 58.5, which suggests that treating a dwelling comprehensively may not necessitate additional administrative costs. Public utilities have demonstrated that installing comprehensive program measures, scheduling and coordinating LIURP jobs with ESPs and other weatherization programs, and remediating health and safety issues can be done under the existing administrative cost provisions in § 58.5.

Accordingly, we decline to adopt PGW's proposal to eliminate the regulatory limit on administrative costs to 15% of the annual LIURP budget. We encourage public utilities to seek opportunities to reduce LIURP administrative costs by engaging in greater coordination with other public utilities and weatherization programs and to streamline administration without undermining program effectiveness. A public utility continues to have the option to request a waiver of the § 58.5 limit based on the presented needs.

As it pertains to CAUSE-PA's concerns suggesting that LIURP pilot programs should be included in the 15% administrative cost cap, we agree with EAP that imposing an administrative cost cap on pilot programs could deter flexibility in developing innovative initiatives. We note that initial costs related to the application of implementing a pilot program may be higher and exempting pilot programs from the administrative costs cap allows flexibility during the development stage. Further, as addressed in proposed § 58.13a, a proposed pilot program's annual budgets and permissible administrative costs must be approved by the PUC prior to implementation. Moreover, once a pilot program is approved and implemented, the data are reviewed and evaluated on an annual basis in conjunction with the LIURP reporting requirements at §§ 54.75 and 62.5. Accordingly, we decline to modify § 58.5(b) regarding LIURP pilot programs as suggested by CAUSE-PA.

Section 58.6. Consultation

In the 2023 NOPR, we proposed to update this section with the proposed definitions in § 58.2, including replacing "program" with "LIURP" when appropriate. We explained that the proposed amendments would include persons or entities with experience in the design or administration of energy efficiency and weatherization programs to the list of entities that a public utility must consult with when making proposed modifications to its LIURP or developing a pilot program. We also proposed that a public utility may consult with its USAC, LIURP Advisory Committee, or other persons or entities. 2023 NOPR Preamble at 42.

Stakeholder Comments on § 58.6

Duquesne, EAP, NFG, and PPL support the proposed amendments to § 58.6. PPL notes that it already consults with a technical team when considering LIURP modifications or pilot programs, consistent with the proposed amendments. EAP and NFG caution that a public utility's advisory committee should not be considered an additional approving or regulatory body. Duquesne Comments at 9; EAP Comments at 14-15; NFG Comments at 6; PPL Comments at 6.

CAC suggests further modification to § 58.6 to require public utilities to consult with USACs regarding potential proposals to modify their LIURPs, emphasizing the value of a USAC's community perspectives. CAUSE-PA and EJA also oppose instructing public utilities that they "may" consult with their USAC and/or LIURP advisory committees. CAUSE-PA argues that the non-mandatory basis of this provision could result in the marginalization of advisory groups. CAUSE-PA suggests amending the language to require public utilities to consult with their USACs and LIURP advisory committees on LIURP proposals. CAC Comments at 5-6; CAUSE-PA Comments at 78-79; Earth Justice Advocates at 5.

PA-CLEEC maintains that the USECP review process should also address issues related to RFPs in a transparent way. PA-CLEEC suggests amending § 58.6 as follows:

[64] PGW does not cite to the proceeding to which it refers. The PUC has approved a waiver of § 58.5 in the following PGW proceedings: Petition of PGW for Approval of Demand-Side Management Plan for FY 2016—2020, Docket No. P-2014-2459362 (Order entered on November 1, 2016). PGW 2017—2020 USECP, Docket No. M-2016-2542415 (Order entered on August 3, 2017), at 50-51 and 79—81. PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 73—76.

A **[covered]** **public** utility, when **[making major modifications in]** **developing a proposal to modify** its **[program]** **LIURP** design or developing a pilot program **INCLUDING, AMONG OTHER THINGS, MODIFICATIONS RELATING TO CHANGES TO THE REQUIREMENTS IN RESPONDING TO AN RFP (AS DEFINED IN SECTION 58.14B), THE EVALUATION CRITERIA IN AN RFP, OR WHICH COULD POTENTIALLY AND MATERIALLY IMPACT OR ALTER THE PUBLIC UTILITY'S THEN-CURRENT CBO, ESPS OR OTHER ENTITIES PROVIDING LIURP SERVICES** shall consult with persons and entities with experience in the design or administration of usage reduction**, energy efficiency, and weatherization** programs. **[Consultations may typically be with]** **Persons and entities consulted may also include a USAC, LIURP advisory committee**, past recipients of weatherization services, social service agencies, and community groups**[, other utilities with usage reduction programs, and conservation and energy service contractors]**. **"CONSULTATION" UNDER THIS SECTION SHALL BE DEEMED TO HAVE OCCURRED IF THE PUBLIC UTILITY AND THE RELEVANT INTERESTED PARTIES NOTED ABOVE HAVE HAD A MEANINGFUL OPPORTUNITY TO ENGAGE ON ANY PROPOSED LIURP MODIFICATIONS AFTER REASONABLE NOTICE FROM THE AFFECTED PUBLIC UTILITY AND ALL PARTIES HAVE INTERACTED IN GOOD FAITH AND WITH COMMERCIAL REASONABLENESS.**

PA-CLEEC Comments at 11-12.

Stakeholder Reply Comments on § 58.6

EAP disagrees with the idea of mandating a public utility to consult with its USAC as suggested by several commenters. EAP argues that the timing and frequency of individual public utility USAC meetings are already regulated by USECPs relative to the filing and evaluation schedule. EAP notes that stringent regulation in this area might duplicate existing processes and create uncertainty about whether planned frequency of meetings set in USECPs fulfills this requirement or if additional meetings are necessary. EAP suggests that addressing USAC consultation in individual USECPs is more appropriate. EAP submits that the PUC's proposed regulation in the 2023 NOPR appropriately considers existing practices and acknowledges the importance of consultation in developing LIURP designs or pilot programs. EAP RC at 11-12, citing CAC comments at 6; EJA Comments at 5; CAUSE-PA Comments at 79.

OCA disagrees with EAP that a regulatory change is needed to clarify that a public utility advisory committee should not be given authority to approve a proposal to modify a LIURP or implement a pilot program, as this point is understood. OCA states that it appreciates the opportunity to work with a public utility on new proposals as part of the public utility's USAC or LIURP advisory committee but notes participation in these committees does not stop any entity from also providing comments on a USECP proposal after it is filed with the PUC. OCA supports the recommendations of CAC and EJA to require a public utility to consult with its USAC and LIHEAP Advisory Committee as part of its decision-making process. OCA RC at 44-45, citing EAP Comments at 14-15, CAC Comments at 5-6, and EJA Comments at 5.

Disposition on § 58.6

We agree with the assertions of stakeholders that a public utility should be required to consult with its USACs when developing a proposal to modify its LIURP or introduce a pilot program. The PUC has previously directed that a public utility is required to meet with its USAC at least twice a year to discuss, inter alia, universal service program information and proposed modifications.

We disagree with stakeholders who suggest that a further requirement regarding its LIURP would interfere with the frequency of advisory committee meetings established in the public utility's USECP. A USECP only establishes the minimum number of times these committees meet annually, not a maximum. Further, as noted by OCA, requiring consultation with these committees does not mean that a public utility must obtain their approval on the proposed modification to its LIURP, including establishing a new pilot program, prior to submitting the proposal to the PUC for review and approval.

We disagree with PA-CLEEC's recommendation to require consultation when proposing making modifications to an RFP that would impact delivery of program services. We note that the PUC does not dictate the terms of a public utility's RFP process. A public utility is, however, required to file a petition when seeking to make one or more modifications to an existing USECP including changes to its LIURP. This petition must be served on all parties to the existing USECP. Thus, entities would have the opportunity to address their concerns as part of a public utility's committee or through filed answers to a petition, or both.

Additionally, we have updated the terms in this section consistent with final-form § 58.16, including removing the reference to a "LIURP Advisory Committee."

Accordingly, we have revised final-form § 58.6 as follows:

A **[covered]** **public** utility, when **[making major modifications in]** **developing a proposal to modify** its **[program]** **LIURP** design or developing a pilot program, shall consult with **ITS USAC AND** persons and entities with experience in the design or administration of usage reduction**, energy efficiency, and weatherization** programs. **[Consultations may typically be with]** **Persons and entities consulted may also include [~~a USAC, LIURP advisory committee,~~]** past recipients of weatherization services, social service agencies, **and** community groups**[, other utilities with usage reduction programs, and conservation and energy service contractors]**.

Section § 58.7. Integration

In the 2023 NOPR, we proposed to update the terms in this section consistent with the proposed definitions in § 58.2. We proposed to remove § 58.7(a) and reserve the subsection number. We addressed the provisions in § 58.7(a) concerning the coordination of program services with existing resources in §§ 58.7(b) and 58.14c. We proposed to revise § 58.7(b) to clarify that LIURPs must work in conjunction with other universal service pro-

grams and with public and private programs that provide energy assistance or similar assistance to the community. We also revised § 58.7(b) to clarify that a public utility, either directly or through an assigned third-party agency, shall assist its LIURP participants in applying for energy assistance programs, such as LIHEAP, for which they may be eligible. 2023 NOPR Preamble at 47.

We proposed to remove § 58.7(c) and reserve the subsection number. As such, we proposed to move the provisions in § 58.7(c) regarding the selection of qualified independent agencies to the proposed § 58.14b (relating to use of an ESP for program services). 2023 NOPR Preamble at 48.

We noted that the proposed amendments to § 58.7 are consistent with OCA and PA-EEFA's comments to the 2016 Secretarial Letter that supported a delivered approach to "integrating programs." OCA also expressed support for strengthening coordination of energy assistance programs to maximize the cost-effectiveness of LIURPs. 2023 NOPR Preamble at 48, citing OCA RC to 2016 Secretarial Letter at 4-5; PA-EEFA Comments to 2016 Secretarial Letter at 7; OCA Comments to 2016 Secretarial Letter at 23.

IRRC Comments on § 58.7

IRRC requests that the PUC explain what is meant by the existing term "direct assistance" in § 58.7(b). IRRC Comments at 6.

Stakeholder Comments on § 58.7

Duquesne does not oppose the proposed changes to § 58.7. Duquesne Comments at 9.

CAUSE-PA supports the proposed requirement that would advance effective program coordination. However, CAUSE-PA states that it is unclear whether any changes from "shall" to "must" are intended to substantively change required compliance and recommends that the PUC clarify whether this change in wording is non-substantive and does not change the important or required nature of the provision. CAUSE-PA Comments at 56-57.

OCA finds the proposed amendments to § 58.7 consistent with its comments to the 2016 Secretarial Letter which advocated for a whole-house approach to LIURP and encouraged further coordination between programs to help eliminate some of the administrative barriers to coordination of service. OCA further states that increased coordination can also help ease the inconvenience on low-income customers because they would only need to make themselves available on one day to have their home receive services through the various programs. OCA recommends the PUC consider the integration of water assistance programs into LIURP as these programs include conservation elements. OCA Comments at 32, citing OCA RC to 2016 Secretarial Letter at 4—6.

TURN recommends that the regulation require LIURPs to coordinate with home repair assistance programs, energy assistance, weatherization, and efficiency programs that are not utility-sponsored. TURN asserts that, without this clarification, these public utility LIURPs might continue to provide standalone services while an improved alignment with other programs would foster long-term solutions. TURN Comments at 10-11, citing § 58.7(b).

EAP and NFG contend the requirement in § 58.7(b) that public utilities provide "direct assistance" to help LIURP recipients apply for LIHEAP remains unclear. They note that public utilities already provide information about LIHEAP and other energy assistance programs to LIURP participants. EAP and NFG submit that the term "direct" assistance could be interpreted to involve tasks such as completing the LIHEAP application but assert such services are not appropriate and may not align with the intended purpose of the regulation. They suggest removing the word "direct" from this provision to give public utilities more flexibility to provide information and assistance under this section. EAP Comments at 15; NFG Comments at 6.

PPL disagrees with the proposed amendments to § 58.7. It supports efforts to streamline coordination between LIURP and other assistance programs but contends that ESPs should not be required to complete applications or make referrals for these programs on behalf of LIURP customers. PPL notes that it already undertakes several efforts to enhance coordination across programs, including making referrals to LIHEAP. PPL contends that adding this requirement would strain company resources and increase administrative costs. PPL suggests the PUC create a working group to update coordination procedures, provide guidelines for de facto heating customers, and develop a process for addressing "high energy" customers using multiple heating sources. PPL recommends the PUC remove the word "direct" from the provision in § 58.7(b) requiring public utilities to provide "direct assistance" to help customers apply for LIHEAP and other assistance programs. PPL Comments at 6-7.

Stakeholder Reply Comments on § 58.7

OCA disagrees with eliminating the word "direct" from the "direct assistance" required in § 58.7(b). OCA contends that direct assistance refers to coordinating, integrating, and leveraging all available resources to benefit the customer, not necessarily filling out program applications. OCA submits that direct assistance includes coordinating LIURP with Act 129 or other weatherization programs so all services can be provided to the dwelling on the same day. OCA avers that when customers can take advantage of all available resources, it benefits both the customers and the public utilities because these customers will have a greater ability to pay their bills. OCA RC at 46-47.

TURN notes that the "direct assistance" language in § 58.7 opposed by other commenters is part of the existing regulation—what the public utilities are currently required to do—and the PUC's proposed amendments would grant more flexibility by allowing a third-party to perform this function. TURN supports expanding coordination with other available assistance programs to deliver the greatest impact for the customer. TURN submits that the ideal opportunity to help customers apply for other assistance programs, such as LIHEAP, is when a public utility or ESP is providing them with program services. TURN asserts that not taking advantage of this opportunity to help customers access additional benefits is unreasonable and LIURP should operate in sync with other energy efficiency, weatherization, and home repair programs. TURN RC at 8-9.

Disposition on § 58.7

Regarding the concerns expressed by some of the stakeholders and IRRC about using the term "direct assistance," we note that this term is not being proposed for the first time. "Direct assistance" is an existing term

used in the existing § 58.7(b). In the 1993 LIURP rulemaking, the PUC concurred with IRRC's recommendation to require public utilities to provide "direct assistance" to LIURP participants in securing energy assistance through existing nonprofit and for-profit agencies, or the public utility.[65] Further, the amendments in § 58.7(b) will provide flexibility in how a public utility provides assistance to LIURP participants in applying for LIHEAP and other energy assistance programs, not add an additional obligation as suggested by PPL. As some stakeholders noted, public utilities are already required through the existing regulations to provide direct assistance in helping customers access other energy assistance programs, including making application referrals for LIHEAP. Therefore, we are not persuaded to modify § 58.7(b) as suggested by stakeholders.

As it pertains to CAUSE-PA's concerns whether changing the word "shall" to "must" is non-substantive, we clarify that this change was intended to be grammatical and was not intended to be substantive or to change the importance or required nature of the provision. As noted above, however, we have reverted to "shall" consistent with LRB directions when it is a person, committee, or other non-governmental entity doing the action required in the regulation. When it is the PUC doing the action, the LRB direction is to use "will." Accordingly, these changes are reflected in the final-form regulations in the FFRO Annex A, without further specific discussion.

Regarding TURN's recommendation to require a public utility to coordinate its LIURP with assistance programs that are not sponsored by another public utility, we note that we address LIURP coordination with other assistance programs in our discussion of § 58.14c.

Section 58.8. Tenant household eligibility

In the 2023 NOPR, we proposed to retitle this section as "Tenant household eligibility" (currently "tenant eligibility") to more accurately reflect the individuals living in a single-unit rented dwelling. We proposed to replace the term "tenant" with "tenant household" in this section. 2023 NOPR Preamble at 54.

We proposed to remove the provision in § 58.8(a) that requires an agreement from a landlord to not raise rent or evict a tenant for at least 12 months after installation of program measures to a new § 58.8(c). We proposed making these provisions optional for a public utility to impose as a condition of providing LIURP to a tenant household in § 58.8(c), rather than a requirement. We explained that changing the provision to optional would not prevent a public utility from requiring such provisions in its landlord agreement. We noted that the contractual provisions regarding rent increases or evictions would then be a matter for the tenant, the landlord, and the public utility to enforce. 2023 NOPR Preamble at 54.

While we noted in the 2023 NOPR that the proposed optional provision is consistent with WAP regulations, we clarify that the provisions in § 58.8(c) are consistent with WAP regulations[66] but enforcement is at the discretion of the public utility. We noted that changing this provision to optional is consistent with PPL's comments to the 2016 Secretarial Letter, which supported eliminating mandatory rent and eviction restrictions on landlords to increase LIURP services to tenant households. PPL Comments to 2016 Secretarial Letter at 8. 2023 NOPR Preamble at 55.

We proposed amendments to § 58.8(a)(1) that incorporated modified language from the existing § 58.8(a) requiring a public utility to document the landlord's agreement for the installation of program measures and that includes a new provision that requires the public utility to provide a tenant household with a copy of the landlord's documented agreement. We proposed an amendment to § 58.8(a)(2) to allow a tenant household to remain eligible for baseload measures even if the landlord does not approve of more comprehensive measures. We noted, for example, that PPL provides a tenant household with energy education, baseload items and energy conservation kits, when the tenant household does not receive landlord permission to install program measures. PPL Comments to 2016 Secretarial Letter at 8. 2023 NOPR Preamble at 54.

We proposed to add language to § 58.8(b) to clarify that landlord contributions are voluntary and that the lack of landlord contributions may not prohibit eligible tenant households from receiving LIURP. This proposed amendment clarifies the public utility's responsibility to document, in writing, conditions relative to the use of voluntary landlord contributions. 2023 NOPR Preamble at 54-55.

IRRC Comments on § 58.8

IRRC requests the PUC respond to the following questions regarding the proposed amendments to § 58.8.

(a)(1) Tenant household:

• Has the [PUC] considered developing uniformed policies or procedures regarding tenant household eligibility?

• Has the [PUC] considered developing a form that could be signed by the tenant, landlord and the public utility regarding receiving LIURP to ensure all parties are aware of and understand their rights and obligations?

(c) Optional public utility requirement:

• Would changing the provision proposed in § 58.5(c) to optional ensure that tenants are free from rent increases or evictions associated with the increased value that LIURP can provide to tenant dwellings?

• Are public utilities required to apply the optional provision on a case-by-case basis to incentivize a particular landlord to participate, or would a public utility have to apply this uniformly throughout its service territory under its LIURP?

IRRC Comments at 6.

Stakeholder Comments on § 58.8

We have organized the stakeholder comments to § 58.8 by subsection, but our disposition for § 58.8 will be by the entire section.

§ 58.8(a)

EAP and NFG support the proposed revisions to § 58.8. In reference to § 58.8(a)(1), EAP and NFG recommend allowing public utilities to obtain landlord consent via recorded calls or electronic methods, in addition to written documentation, provided that the public utility retains these records. EAP Comments at 15-16; NFG Comments at 6.

[65] 23 Pa.B. 241 (January 16, 1993) at 296.

[66] See 10 CFR 440.22(b)(3) (relating to eligible dwelling units) requiring a notarized agreement signed by both the landlord and tenant to ensure that the tenant is current with rents and that during and for 18 months after the completion of WAP services a landlord cannot raise rents or evict a tenant unless it relates to matters not related to the work that was done. It also requires that there be a process in place for landlords and tenants to follow if rent or eviction issues arise after weatherization assistance.

PPL supports the proposed amendments to § 58.8. PPL notes that it currently provides baseload measures and energy education to tenants when it does not receive landlord consent, consistent with the proposal in § 58.8(a)(1)-(2). PPL Comments at 7-8.

UGI generally supports the proposed amendments to § 58.8 but suggests replacing "baseload measures" in § 58.8(a)(2) with "baseload measures not requiring landlord permission." UGI Comments at 10.

CAUSE-PA supports the proposed provisions in § 58.8(a)(1) and (2) that would require public utilities to provide a tenant household with a copy of the landlord's documented agreement and provide eligible household tenants with baseload measures if the landlord does not approve the installation of more comprehensive program measures. CAUSE-PA asserts that this will ensure tenants have a copy of their protections and receive at least some level of usage reduction services. CAUSE-PA Comments at 72-73.

OCA supports the inclusion of proposed § 58.8(a)(2) that would provide tenant households with baseload measures if landlord approval cannot be established, or consent not given. It asserts that baseload measures provide the tenant with additional tools to help reduce the household's energy consumption. OCA Comments at 34-35.

TURN appreciates the PUC's proposal to grant access to LIURP for tenants even when landlords do not give permission for program measures installation but is concerned that receiving only baseload measures may not sufficiently reduce a tenant's energy consumption. It suggests revising the proposal to require landlords to opt out of the installation of comprehensive program measures rather than making it conditional based on receiving their permission. TURN Comments at 7.

§ 58.8(b)

PPL states that although it does not collect voluntary landlord contributions, it will document conditions relevant to such contributions in writing if and when it occurs. PPL Comments at 7-8.

OCA recommends eliminating the word "voluntary" proposed in § 58.8(b) because the term could limit how a public utility may get a landlord to contribute. It asserts that the landlord should be treated as a partner and not as a voluntary contributor. OCA Comments at 35.

OCA further recommends amending § 58.8(b) to remove ambiguity about whether landlord contributions are required for a tenant household to receive program services. OCA proposes revising § 58.8(b) as follows: "The lack of landlord contributions ~~**may**~~ **shall** not prohibit an eligible tenant household from receiving program services." OCA Comments at 35-36.

§ 58.8(c)

Duquesne supports making landlord requirements optional, as proposed in § 58.8(c). Duquesne states it understands the existing provision's intent is to prevent unintended consequences for tenants, but it argues that requiring landlords to agree to restrictions on evicting or increasing rent as a condition for tenant participation in LIURP will discourage landlord involvement, limiting options for eligible tenants. Duquesne asserts that by making this provision optional, more renters may qualify for LIURP who might otherwise be excluded from participation. PPL also agrees that the eviction restriction for landlords should be an option rather than a requirement for tenants to receive program services. Duquesne Comments at 9-10; PPL Comments at 8.

UGI recommends eliminating § 58.8(c) entirely from the LIURP regulations. UGI asserts public utilities are unable to enforce an agreement that prohibits landlords from evicting or raising rent unless those actions are unrelated to the installation of program measures. UGI asserts that this provision could potentially harm tenants who might benefit from program measures due to landlord reluctance to enter such an agreement. UGI recognizes the intent of the provision but submits the complexities related to implementing the intent are not adequately addressed. UGI Comments at 10-11.

CAUSE-PA strongly opposes making the existing mandatory tenant protections optional, as proposed in § 58.8(c). CAUSE-PA asserts the existing requirements for landlords in § 58.8(a) provide vital protections for tenants and ratepayers. CAUSE-PA adds that removing these protections would expose tenant participants to eviction and potentially erode the availability of quality affordable housing which contravenes the purpose of LIURP. CAUSE-PA also asserts that changing this provision to "optional" is not consistent with WAP regulations, which require a notarized agreement signed by both the landlord and tenant to ensure rents are not raised for 18 months post installation of measures and a process to be in place for landlords and tenants to follow if rent is increased or eviction proceedings are initiated. CAUSE-PA Comments at 71-72.

CAUSE-PA states that it shares the same concerns as the PUC that tenants are not served at a proportionate rate to homeowners and appreciates the PUC's attempt to identify reforms that will balance the availability of LIURP for renters. However, CAUSE-PA reiterates its concerns that removing tenant protections will serve to increase already-high rents and could allow landlords to be enriched through the program to the detriment of renters. CAUSE-PA recommends that the PUC develop a standardized, consistent, plain-language landlord approval/agreement form outlining both tenant and landlord protections. CAUSE-PA asserts that this will help landlords better understand the program and make them more likely to sign off. CAUSE-PA Comments at 72-73.

EJA contends that making temporary restrictions on rent increases and evictions for LIURP participants optional, with the goal of boosting landlord approval rates, could potentially allow landlords to exploit the program for rent increases and diminish affordable housing options for low-income residents. EJA notes that the existing requirement does not explicitly prevent evictions or rent hikes unrelated to the installation of program services, which is often misunderstood and deters landlords from participating in the program. EJA recommends enhancing landlord engagement through standardized policies and procedures while maintaining the mandatory tenant protection provision in the regulation. EJA Comments at 7.

Specifically, EJA recommends that the PUC:

- Restore tenant protections that prevent landlords from raising rent or evicting a tenant because of installed [program] measures.

- Create a standardized, simplified landlord agreement form that clearly states both tenant and landlord protections for LIURP recipients.

• Require [public] utilities to include landlord and tenant outreach and education in their USECPs.

• Require [public]. utilities to track and publicly report on landlord refusals.

EJA Comments at 8.

TURN strongly opposes making it optional for landlords to agree to limitations on raising rent, as this could lead to landlords benefiting from ratepayer funded program measures without committing to maintaining affordable housing. TURN Comments at 7.

OCA does not support eliminating the protection against eviction provided under the current regulations. OCA avers that the proposed language is not clear as to whether the public utility should apply this optional provision on a case-by-case basis to incentivize a particular landlord to participate or if the public utility could elect to apply this policy for all tenant dwellings. OCA Comments at 36.

OCA states that the current language prevents a landlord from evicting a tenant if the tenant otherwise meets their responsibilities and eliminates the current provision that the landlord may not raise rent. It asserts the installed energy efficiency measures may increase the overall rental property quality and value and that LIURP exists for the benefit of customers and not landlords. OCA claims that the proposed modification may impact a tenant's willingness to participate in LIURP for fear that they will be evicted or have their rent increased after the improvements to the dwelling are made. OCA proposes that the PUC replace the word "may" with "shall" in § 58.8(c) in order to provide more protections for existing tenants against these issues (i.e., "A public utility ~~**may**~~ **shall** require a landlord to agree that rent will not be raised . . . .") OCA Comments at 37-38.

OCA asserts that the PUC should consider if public utilities are reaching tenants of multifamily households, and that tenants and residents of multifamily housing be treated as separate populations for LIURP eligibility purposes. OCA notes that its Comments to the 2016 Secretarial Letter relayed the need for a definition of "multifamily" in the LIURP regulations that the PUC discussed this comment in its 2023 NOPR. OCA supports PA-EFFA comments[67] that recommended the PUC revise the LIURP regulations to look at high usage on a square foot basis rather than a strict usage threshold. OCA notes that dwellings in multifamily buildings where the tenant pays the utility bill are often less efficient on a square footage basis than in a single-family home. OCA Comments at 38-39.

Stakeholder Reply Comments on § 58.8

CEO & PAWPTF support CAUSE-PA's proposal to retain language in § 58.8 that would prohibit landlords from increasing rents and evicting tenants for one year after program measures are provided. CEO & PAWPTF assert that this provision is consistent with WAP requirements and should remain in LIURP regulations. CEO & PAWPTF RC at 3, citing CAUSE-PA Comments at 71—73.

EAP supports the proposed amendments to § 58.8(c) that would allow public utilities to have the discretion to decide whether to impose additional requirements on landlords for tenant participation in LIURP. EAP notes that some commenters oppose this change, fearing that removing such a requirement could jeopardize tenant protection and discourage participation in LIURP. EAP contends the existing prohibition on rent increases or evictions is not particularly enforceable. EAP submits that landlords could easily attribute rent increases or evictions to other factors, while requiring landlords to agree to such restrictions could limit tenant participation in LIURP. EAP asserts that public utilities should not act as proxy landlords or advocates for tenant rights, as their role is to provide utility services, not ensure housing rights or specific rental rates for tenants. EAP submits that TURN's recommendation to require landlords to "opt-out" of LIURP is equally problematic as this would imply public utilities and ESPs could remove property belonging to the landlord (e.g., an appliance swap) or make permanent changes to a rental unit without the express consent of the landlord/owner. EAP argues that this would create a much bigger legal issue for public utilities and ESPs than is necessary. EAP RC at 12-13, citing TURN Comments at 7.

OCA disagrees with EAP and public utilities who claim that the proposed revisions to § 58.8(c) would increase landlord participation, stating that it may have the reverse effect on a tenant's willingness to participate in LIURP. OCA submits that EAP and the public utilities comments do not acknowledge that the proposed revision also eliminates the mandate that the landlord may not raise rents based on the installation of program measures. OCA RC at 47—50, citing EAP Comments at 15-16, PPL Comments at 7-8, Duquesne Comments at 9-10, and UGI Comments at 10-11.

OCA reports that it shares the same concerns raised by CAUSE-PA, TURN, and EJA about making tenant protections optional in § 58.8(c). OCA supports commenters proposals for the PUC to develop a simplified, standardized process for landlord approval and that the PUC should consider allowing consent via a recorded call or other electronic methods. OCA RC at 51-52, citing CAUSE-PA Comments at 73-74, TURN Comments at 7-8, EJA Comments at 8, and EAP Comments at 15-16.

TURN reiterates its opposition to eliminate the tenant protections as proposed at § 58.8(c). TURN also reiterates that the proposed amendments should increase tenant access to LIURP by requiring a landlord to "opt out" of the installation of program measures rather than requiring landlords to provide affirmative permission. TURN asserts that landlords should not be able to receive public utility program services meant for low-income tenants and then force those low-income tenants out by charging higher rents. TURN RC at 12-13.

EAP contends that OCA's recommendation to include provisions for multifamily housing and adopt a LIURP usage threshold based on square footage rather than strict usage would be difficult to implement. EAP submits that weatherization for multifamily housing is better suited for other programs such as Act 129 or the upcoming Federal Homeowner Managing Energy Savings (HOMES) program. EAP supports the PUC's decision not to propose multifamily provisions in the LIURP regulations at this time. EAP RC at 13, citing OCA Comments to the 2016 Secretarial Letter at 30.

Peoples supports EAP's Reply Comment that opposes an expansion of LIURP benefits to multifamily dwellings. Peoples states that it does not have the programming to implement multifamily dwelling benefits and posits that there are other programs that can better address multifamily weatherization efforts. Peoples Letter in Lieu of RC at 1, citing EAP's RC at 13.

[67] PA-EEFA Comments to the 2016 Secretarial Letter at 24.

Disposition on § 58.8

With respect to § 58.8(a)(1), we agree with the stakeholders' recommendations to allow flexibility in obtaining landlord consent through verbal methods such as on a recorded call. However, we clarify that regardless of how a landlord's consent is received, the consent must be documented and that a copy of the landlord consent must be provided to the landlord and to the tenant. We recognize that landlord consent can be a significant barrier to an otherwise eligible tenant's ability to obtain usage reduction services and note that the PUC has previously approved public utility requests to accept verbal and electronic consent as long as the consent was documented.[68]

Accordingly, we have revised final-form regulation § 58.8(a)(1) to clarify that landlord consent may be obtained through verbal, written, or electronic methods but must be documented and that a copy of the consent shall be provided to the landlord and to the tenant as follows:

(1) A tenant household may be eligible for the installation of program measures if the landlord has granted permission to the public utility BY VERBAL, WRITTEN, OR ELECTRONIC MEANS and the public utility documents the landlord's [~~agreement~~] CONSENT for the ESP to perform work on the dwelling. A public utility shall provide a copy of the landlord's documented [~~agreement~~] CONSENT FORM to the LANDLORD AND TO THE tenant household.

We decline to adopt the recommendation of IRRC and other stakeholders to implement a standardized landlord agreement form at this time. We note that the amendments proposed in § 58.8(a)(1) are intended to standardize the policy and procedure for public utilities to obtain landlord consent and to provide a copy of the consent to both the landlord and tenant in a uniform manner, which is consistent with PUC directives in USECP proceedings.[69] However, it is outside the scope of this rulemaking to require all public utilities to use a standardized landlord agreement form, especially as the text of such form has not been proposed or contemplated.

As it pertains to proposed § 58.8(a)(2), we have adopted UGI's recommendation to clarify that tenants are eligible for baseload measures without landlord permission. However, we decline to adopt TURN's recommendation to require landlords to opt out of receiving program measures. We agree with EAP that requiring landlords to opt out of receiving program measures could at least arguably imply that ESPs could remove appliances or make modifications to the property without the landlord's consent. Accordingly, we have revised final-form regulation § 58.8(a)(2) as follows:

(2) If the landlord does not grant permission for the installation of program measures, the tenant household remains eligible for baseload measures and energy conservation education THAT DO NOT REQUIRE LANDLORD PERMISSION.

We have revised final-form § 58.8(b) to remove the word "voluntary" as suggested by OCA. We note that while we have removed the word "voluntary", we clarify that contributions from landlords are not required for a tenant household to receive program services. We have clarified that a public utility cannot use the lack of a landlord contribution to deny program services to an otherwise-eligible tenant household.[70] We have clarified that a public utility must report landlord contributions under the reporting requirement in final-form § 58.15a. These changes reinforce the intention of this provision; it does not modify it. Accordingly, we have revised final-form § 58.8(b) as follows:

(b) *Landlord contributions.* A **[covered]** **public** utility may seek **[~~voluntary~~]** landlord contributions**. [as long as the]** **[~~The lack of landlord contributions [do] may not [prevent] prohibit an eligible [customer] tenant household from receiving program services.~~] A PUBLIC UTILITY MAY NOT REFUSE TO PROVIDE PROGRAM SERVICES TO AN ELIGIBLE TENANT HOUSEHOLD BECAUSE THE LANDLORD REFUSES TO MAKE A CONTRIBUTION. [Contributions] [~~Voluntary contributions~~] CONTRIBUTIONS** from landlords **[shall] [~~must~~] SHALL** be used by the **public** utility **[as supplemental]** to **supplement** its approved **[Residential Low Income Usage Program] LIURP** budget. **The public utility shall [~~document the conditions relative to the use of a [voluntary~~] REPORT LANDLORD [~~contribution~~] CONTRIBUTIONS [~~in writing~~] UNDER § 58.15A.**

Regarding the amendments proposed in § 58.8(c) that change the landlord requirement provisions to optional, we acknowledge CAUSE-PA's assertion that this change is not consistent with WAP. The Federal WAP regulation requires each state to develop a rent-increase complaint procedure and places the discretion on the state to decide how it will enforce the provisions not directly related to rent increases.[71] We acknowledge the points raised by EAP and other stakeholders that the PUC's existing landlord requirements are not specifically enforceable, may limit landlord participation, and may deprive eligible tenant households from receiving some program services. However, we agree with the concerns raised by other stakeholders that suggest an optional provision may remove tenant protections, discourage tenant participation, and contribute to the lack of affordable housing if rents are raised after installation of comprehensive program measures. Accordingly, we have revised § 58.8(c), re-titling it as "Tenant household protections" and making the landlord requirement provisions mandatory, as follows:

(c) [~~*Optional public utility requirement*~~] *TENANT HOUSEHOLD PROTECTIONS.* A public utility [~~may~~] SHALL require a landlord to agree that rent FOR THE DWELLING UNIT THAT RECEIVES PROGRAM MEASURES will not be raised unless the increase IN RENT is SOLELY related to matters other than the in-

[68] See, e.g., PECO 2019—2024 USECP, Docket No. M-2018-3005795 (Order entered on June 16, 2022) at 80—82; PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023) at 81—84.

[69] See Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024) at 79-80; PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023) at 81—84; PECO 2019—2024 USECP, Docket No. M-2018-3005795, et al. (Order entered on June 16, 2022) at 80—82.

[70] Under LRB requirements for regulatory drafting, "may not" denotes curtailment of a right, power, or privilege. "Shall not" would merely negate an obligation but would not negate the permission to act. "May not" is the stronger prohibition. LRB 6th ed. at § 6.7.

[71] See 10 CFR 440.22 Eligible dwelling units. https://www.ecfr.gov/current/title-10/chapter-II/subchapter-D/part-440/section-440.22#p-440.22(b)(3)(iii) (accessed on December 3, 2024).

stallation of the program measures [~~or~~] AND that the tenant household will not be evicted for a stated period of time OF AT LEAST 12 MONTHS after the installation of the program measures unless the tenant household fails to comply with ongoing obligations and responsibilities owed the landlord.

This change also addresses the concerns raised by OCA on whether the provision in § 58.8(c) would be applied on a case-by-case basis or through the term of a public utility's USECP.

We decline, at this time, to adopt OCA's recommendation to include separate provisions for multifamily housing. We agree with EAP and Peoples that there are other resources available to address multifamily housing, such as Act 129, if multifamily housing units cannot be served under Chapter 58. We also note that while a public utility may serve multifamily units as part of its regular LIURP, the PUC has also approved public utility proposals to serve multifamily dwellings through LIURP pilot programs. For example, PGW's LIME pilot program provides multifamily housing units with Home Comfort services[72] if 75% of the tenants in the building have household income at or below 150% of the FPIG. PGW's LIME targets multifamily housing units that receive Section 8 vouchers or Low-Income Housing Tax Credits.[73]

Section 58.9. LIURP outreach

In the 2023 NOPR, we proposed to retitle § 58.9 as "LIURP outreach" (currently "program announcement") to reflect the content more accurately and to remove the duplication with § 58.10. 2023 NOPR Preamble at 57.

We explained that to reflect the changing ways people access information and the demographics of a public utility's service territory, we proposed amendments to § 58.9(a) to do both of the following:

• Add additional advertising requirements to a public utility's program activities through a wider range of media outlets and platforms, including social media.

• Add a requirement that a public utility advertise LIURP in languages other than English when census data indicate that 5% or more of the residents of the public utility's service territory are using that language. We noted that this proposed requirement is consistent with the customer information provisions in 52 Pa. Code § 56.91(b)(17) (relating to general notice provisions and contents of termination notice).

We proposed to remove and reserve §§ 58.9(a)(1)—(a)(3) while retaining a revised § 58.9(a). 2023 NOPR Preamble at 57.

We proposed to amend § 58.9(b) to remove language requiring a public utility to provide a description of its program services and eligibility rules to all residential customers. We noted that this provision was addressed in the proposed § 58.9(a). We also proposed to amend § 58.9(b) to add language removed from existing § 58.9(a)(2) and § 58.9(a)(3) to require a public utility to make additional attempts to contact eligible customers who have not responded to initial contacts if funding permits. 2023 NOPR Preamble at 57-58.

IRRC Comments on § 58.9

IRRC questions whether the PUC is proposing to mandate public utilities to provide LIURP public service announcements regarding its LIURP in print, broadcast, and social media outlets, asserting that such a mandate, as written, would be unenforceable. IRRC Comments at 6-7.

IRRC also asks how often a public utility should review census data to determine the percentage of languages used in its service territory and whether a public utility will be required to provide oral interpretation and written translation of targeted communication to potentially eligible customers. IRRC Comments at 7.

Stakeholder Comments on § 58.9

Duquesne does not oppose the revisions to § 58.9. Duquesne notes that it currently uses a third-party vendor to translate program materials to non-English languages, in accordance with its current USECP. Duquesne Comments at 10.

EAP and NFG support the proposed updates to allow diverse communication methods to potentially eligible customers. However, they caution against mandating this outreach as a program requirement since not all public utilities operate open enrollment for their LIURPs. EAP and NFG note that for public utilities without open LIURP eligibility, mass communication could mislead customers who cannot participate, leading to dissatisfaction with the program and wasted resources. EAP suggests modifying the language to be less prescriptive. EAP also requests leniency regarding advertising LIURPs in languages other than English for similar reasons. EAP questions the need to maintain the requirement for public utilities to send notices to agencies aiding low-income customers within the public utility's service area. EAP argues that it is unrealistic to expect public utilities to be aware of all such organizations. Additionally, EAP recommends the regulation explicitly state that all costs associated with mandated outreach are recoverable through the LIURP-related surcharge. EAP Comments at 16; NFG Comments at 6.

EAP requests that the PUC soften proposed language regarding advertising program services in other languages. EAP notes that there is a discrepancy between the consideration of public advertising and the requirement to advertise LIURP in additional languages. EAP requests that the language requirement be tied to the advertising language, so it does not indicate a separate requirement. EAP Comments at 17; NFG Comments at 6.

PECO requests clarification on whether proposed § 58.9(a) means that a public utility must also provide LIURP public service announcements in qualifying non-English languages. If so, PECO recommends that the PUC replace the last sentence in this section with the following:

[~~The public utility shall additionally advertise its LIURP in a language other than English when census data indicate that 5% or more of the residents of the public utility's service territory are using the other language.~~] IF PUBLIC SERVICE ANNOUNCEMENTS ARE PROVIDED, THE UTILITY SHALL ALSO MAKE SUCH ANNOUNCEMENTS IN A LANGUAGE OTHER THAN ENGLISH WHEN CENSUS DATA INDICATE THAT 5% OR MORE OF THE RESIDENTS OF THE PUBLIC UTILITY'S SERVICE TERRITORY ARE USING THE OTHER LANGUAGE.

[72] PGW refers to its LIURP as "Home Comfort."

[73] See PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023) at 49—52.

PECO Comments at 4-5.

PGW recommends amending proposed § 58.9 to remove the requirement for a public utility to advertise its LIURP. PGW asserts that targeted LIURP communications would be ineffective because PGW selects LIURP participants through an internal enrollment process based on high usage and arrears. PGW states that its current process guarantees that customers with the highest need are served by LIURP. PGW Comments at 3-4.

PPL generally supports the proposed changes to § 58.9 and states that it already provides targeted outreach to potentially LIURP-eligible customers. PPL requests that the PUC revise the requirement to advertise LIURP in languages other than English to only apply to specific counties that have a non-English speaking population of 5% or greater. PPL argues that this would be the most efficient use of resources. PPL also requests that the PUC clarify when a public utility must review census data to evaluate whether 5% or more of residents in a given service territory are using a language other than English. PPL states that this clarification will help ensure compliance. PPL Comments at 8-9.

CAUSE-PA generally supports the proposed outreach provisions at § 58.9 and underscores the importance of prioritizing CBOs in the delivery of LIURP. CAUSE-PA also supports expanding LIURP outreach beyond traditional media outlets, such as newspapers, radio and television. CAUSE-PA asserts that embracing diverse communication channels will enhance LIURP accessibility and inclusivity for a more varied audience. CAUSE-PA Comments at 82.

Although CAUSE-PA supports the proposed provision for language access related to program advertisement and information, it suggests amending the language to be more inclusive. CAUSE-PA notes there may be areas with a concentrated population of limited English proficiency that far exceed 5% of the population even though they may not make up 5% of a public utility's service territory as a whole. CAUSE-PA recommends including the following amendment:

> (a) [. . .] The public utility shall additionally advertise its LIURP in a language other than English when census data indicate that 5% or more of the residents of the public utility's service territory are using the other language. **PUBLIC UTILITIES SHOULD WORK WITH AGENCIES IN THEIR SERVICE TERRITORIES TO IDENTIFY OTHER LANGUAGE NEEDS.**

CAUSE-PA Comments at 82-83.

OCA asserts that every public utility should offer plain language communications and a thorough English proficiency outreach program, as well as limit the identification requirements needed to access services. As such, OCA disagrees with the proposal in § 58.9(a) that a public utility advertise in languages other than English only when census data indicates that 5% or more of the residents of the public utility's service territory are using that language. OCA recommends replacing the 5% threshold with language requiring public utilities to advertise in non-English language if a "substantial number" of customers use that language. OCA asserts this will allow stakeholders to provide input during USECP proceedings on the limited English proficiency (LEP) needs within a public utility's service territory. OCA Comments at 41.

OCA recommends that, if the PUC keeps the 5% threshold, that it add "or other geographically clustered groups of LEP households" to account for the geographic differences in LEP needs across a large service territory. OCA notes the importance of ensuring that both written and oral communications are available in a customer's native language and recommends that LEP assistance should be accessible through the public utility's call center and through ESPs who contract with the public utility. OCA Comments at 41-42.

TURN is concerned about the lack of clarity around how an interested customer can access LIURP benefits and asserts that LIURP regulations should clearly specify that public utilities must establish an application process for customers. TURN opposes allowing public utilities to choose which households qualify for LIURP benefits without considering customer interest. TURN Comments at 12.

Stakeholder Reply Comments on § 58.9

PECO opposes OCA's proposal to replace the threshold for language access from 5% to a "substantial number" of the service territory population. PECO opines that:

> [T]he replacement of a known, clear standard with subjective terms could lead to different language access outcomes for different utility programs and populations in different utility service territories and could also dramatically expand the language access obligations for LIURP beyond those of any other utility program.

PECO RC at 7-8.

PECO asserts that requiring in-person interpretation by call center and ESP staff would produce substantial administrative expenses that will reduce funding available for usage reduction measures. PECO RC at 7-8, citing OCA Comments at 41—43.

EAP questions OCA's suggestion to raise the outreach language threshold from the current proposed 5% to a "substantial number" for both written and oral communication. EAP submits that it is not clear how public utilities would obtain such information to comply with this requirement and that the potential costs of data collection, storage, and updates would likely outweigh the benefits of changing from the current standard. Further, EAP notes that public utilities would face challenges in finding ESPs capable of meeting this proposed requirement. EAP RC at 14, citing OCA Comments at 41-42.

OCA disagrees with commenters who propose limiting information about the LIURP based on the enrollment practices of the public utilities. OCA further disagrees that LIURP participation should be limited to an internal selection process, noting the importance of making sure that customers and organizations working with the low-income community are aware of LIURP. OCA submits that widespread understanding and knowledge of LIURP will help facilitate program participation. OCA asserts that customers may be more comfortable enrolling in LIURP if they are informed of the program benefits in their native language and that landlords may be more willing to participate in LIURP if they understand the benefits to their tenants. OCA notes that CBOs can provide support and information regarding the benefits of CAP and LIURP. OCA RC at 53-54.

In response to PPL's question regarding the frequency of reviewing census data to determine if 5% of the population is LEP, OCA submits that public utilities should be under a continuing obligation to address lan-

guage access needs if it becomes aware of an increased population of LEP customers. OCA suggests that public utilities work with their USACs and low-income advisory committees (LIACs) to determine if needs are evolving in the communities. OCA RC at 55, citing PPL Comments at 9.

OCA disputes EAP's assertion that public utilities are not aware of all the agencies that help low-income customers within their service territories. OCA notes that public utilities already interact with local CBOs as a part of their USACs, LIACs, and CARES. OCA submits that the burden should be placed on public utilities to know those agencies that work with low-income customers. OCA notes that public utilities can work with 211 and the United Way to get a better understanding of agencies in the community. OCA RC at 56, citing EAP Comments at 16.

In response to the concerns raised by EAP and other utilities, TURN notes that the proposed regulation does not increase the frequency of LIURP outreach, which the existing § 58.9 requires once per year. TURN further submits that the proposed § 58.9(a) encourages public utilities to use different media sources to advertise LIURP but does not require specific advertising. TURN reiterates that the PUC must ensure that LIURP has an open application process for eligible customers to apply. TURN supports CAUSE-PA's recommendation to require public utilities to provide appropriate language access to areas with concentrated LEP populations, even when the entire service territory does not reach the 5% threshold. TURN RC at 13—15, citing EAP Comments at 17; PECO Comments at 4 and 6; CAUSE-PA Comments at 82-83.

Disposition on § 58.9

Regarding IRRC's comment about whether the proposed provisions in § 58.9(a) would mandate a public utility to provide public service announcements in platforms such as media outlet resources, broadcasts, and social media, we clarify that public utilities are not mandated to do so but that the provision does require consideration about using those resources.

Stakeholders have requested clarifications and modifications related to the language translation requirements in § 58.9(a). PECO has requested clarification about whether public utilities must provide LIURP public service announcements in qualifying non-English languages. PPL has requested that the requirement to advertise in other languages be limited to specific counties with LEP needs. CAUSE-PA requests instructing public utilities to work with agencies in their service territories to identify language needs. OCA has recommended requiring public utilities to provide written or oral communication if a "substantial number" of customers speak it or if there are clustered groups of LEP households across a service territory.

We address these requests by first clarifying the intent of the provisions in § 58.9(a) is to ensure that a public utility is using targeted communications that convey a description of program services made available in languages applicable to the targeted audience by reviewing customer information and census data at least once per year. This includes making the notices available in languages other than English when at least 5% or more of the population within the utility's service territory use that language. The use of census data to identify language needs within a service territory is not meant to limit the ability of a public utility to identify customer language needs through other methods or make notices or announcements available in other languages.

This clarification addresses the concerns of PECO and PPL by noting that the translation requirements apply to both notices and public announcements and that a public utility shall make these documents available in other languages, as appropriate. The public utility does not necessarily need to send them to all households in a service territory. We also agree with CAUSE-PA that public utilities should work with other community agencies to identify language needs within its service territory. Accordingly, the final-form regulation requires a public utility to consult with its USAC on this topic at least annually.

We have not adopted OCA's suggestion to require a public utility to provide oral and written communication in other languages if a "substantial number" of its customers speak it or if there are clustered groups of LEP households in a service territory. We agree with EAP that it is not clear how a public utility would comply with such a requirement, especially as it would pertain to requiring ESPs to communicate in other languages, and that the implementation costs may be prohibitive.

As it pertains to the stakeholders' concerns regarding the requirement for public utilities to share advertising notices with publicly and privately funded agencies that assist low-income customers within its service territory, we agree with EAP that it is important to take into consideration that a public utility may not be aware of all public and private agencies within its service territory. We conclude that it would be more appropriate for a public utility to provide a copy of the notice of program services to its USAC. A public utility USAC may include representatives from publicly and privately funded agencies that assist income-limited customers within its service territory.

We disagree with the stakeholders' recommendations to remove the requirement for a public utility to advertise its LIURP. While we acknowledge that some public utilities choose LIURP participants through an internal enrollment process, ensuring the awareness of program services within the service territory is an integral part of engaging with and identifying income-eligible customers, regardless of the public utility's enrollment process. We also decline to adopt the recommendation to require all public utilities to establish an open application process as some public utilities may not have the capacity to accept new LIURP participants in a program year and requiring customers to complete an application and document eligibility without the public utility's means to serve the household could lead to customer frustration with LIURP and wasted public utility resources.

Additionally, we decline to adopt EAP's suggestion to include language stating that all costs associated with mandated outreach be covered by the public utility's LIURP-related surcharge in § 58.9. Outreach, and education, efforts are categorized as administrative costs (i.e., advertising) under a public utility's LIURP budget and are recoverable through the public utility's LIURP funding mechanism.

Accordingly, we have revised final-form regulation § 58.9(a) as follows:

(a) **[A covered utility shall provide notice of program activities as follows:]** **A public utility shall, at least annually, review its customer records to identify customers who appear to be**

eligible for LIURP and provide a targeted communication with a description of program services and eligibility rules to each customer identified through this procedure so as to solicit applications for consideration of program services. A copy of this notice [~~must~~] SHALL also be [~~sent to publicly and privately funded agencies which assist low-income customers within the public utility's service territory~~] PROVIDED TO ITS USAC. A public utility shall additionally [~~advertise its LIURP in a language other than English when census data indicate that 5% or more of the residents of the public utility's service territory are using the other language.~~] MAKE THIS NOTICE AVAILABLE IN A LANGUAGE OTHER THAN ENGLISH WHEN CENSUS DATA INDICATE THAT 5% OR MORE OF THE RESIDENTS IN THE PUBLIC UTILITY'S SERVICE TERRITORY ARE USING THE OTHER LANGUAGE. A PUBLIC UTILITY SHALL CONSULT WITH ITS USAC AT LEAST ANNUALLY TO IDENTIFY OTHER LANGUAGE NEEDS AND consider providing public service announcements regarding its LIURP in media outlet sources, such as print, broadcast and social media platforms.

Section 58.10. Prioritization of program services

In the 2023 NOPR, we noted that existing § 58.10[74] is titled "Program announcement" which is a duplication of existing § 58.9. We also noted that the title was inconsistent with the substance of the section. We proposed to retitle the section as "Prioritization of program services" to eliminate the duplication and to reflect the content of the section more accurately. We also proposed to update the terms in this section consistent with the proposed definitions in § 58.2, including replacing "program" with "LIURP" when appropriate. 2023 NOPR Preamble at 60.

We proposed to amend § 58.10(a)(1) to include CAP shortfall as one of the factors that a public utility is required to consider when prioritizing eligible customers by usage level and to incorporate a new prioritization factor based on the number of consecutive service months a customer resided at a dwelling. We also proposed to amend § 58.10(a)(1) to allow public utilities to consider factors that tend to facilitate public utility bill reductions when prioritizing eligible customers by opportunities for public utility bill reductions. 2023 NOPR Preamble at 60.

With respect to customers prioritized by usage and opportunity for utility bill reduction, we proposed in §§ 58.10(a)(2)(i)-(ii), that CAP customers with the largest PPAs and in-program arrearage balances be prioritized first, followed by non-CAP customers with the largest unpaid balances. We noted that the "largest arrearage relative to household income" is derived as a percentage. We explained that priority is given to CAP customers because energy reductions for CAP households decrease costs for both the CAP customer and the ratepayers from whom CAP shortfall costs are recovered. 2023 NOPR Preamble at 61.

We noted that our approvals of various public utility-specific USECPs have required that all low-income customers, who otherwise meet eligibility requirements, be allowed to participate in LIURP, especially if they have high-usage,[75] regardless of CAP participation. We proposed adding § 58.10(d) to clarify the prohibition of restricting LIURP participation to customers enrolled in CAPs. Furthermore, we proposed § 58.10(e) to require a public utility to document its prioritization protocols in its USECP. 2023 NOPR Preamble at 61.

Furthermore, we proposed to remove § 58.10(c) and incorporate language removed from § 58.10(c) that would allow a public utility to spend a percentage of its LIURP budget on special needs customers into proposed § 58.4(a.2) (relating to special needs customers). We proposed to increase the percentage from 20% to 25%. 2023 NOPR Preamble at 61.

IRRC Comments on § 58.10

IRRC requests that the PUC address several key questions regarding the proposed amendments. It seeks to understand the potential impacts on both eligible LIURP recipients and public utilities if CAP customers were to be automatically deemed eligible for LIURP without needing to apply separately. Additionally, there is concern about whether the proposed prioritization framework will effectively include customers living in smaller homes or apartments who have high usage but less overall consumption compared to larger residences. IRRC Comment at 7.

IRRC questions whether the prioritization framework will adequately assess the needs of customers who have recently faced a service disconnection or involuntary termination. IRRC also inquires how the framework will be managed if applications for program services are submitted to public utilities at different times throughout the year. Finally, IRRC asks the PUC to explain the term "CAP shortfall" and its significance in determining eligibility for LIURP. IRRC Comments at 7.

Stakeholder Comments on § 58.10

Duquesne contends that customers with lower arrearage might benefit more from LIURP, as they have a greater chance of paying down their arrearages. Duquesne notes its concerns with the PUC's constant emphasis on providing LIURP to CAP customers, which it argues should not be prioritized in a LIURP proceeding. Duquesne proposes the PUC maintain the existing language in § 58.10 which prioritizes program services for "those with the largest usage and greatest opportunity for bills reductions relative to the cost of providing program services . . . ." Duquesne Comments at 10-11.

FirstEnergy PA asserts that it does not experience a backlog of LIURP applications and does not receive any complaints about lengthy wait times. It is concerned that specifying detailed criteria in a rulemaking for universal service programs could create impractical regulations for it to follow. FirstEnergy PA states that many LIURP jobs are coordinated on short notice and that many current beneficiaries, particularly those with lower annual electric usage, might not qualify under the proposed prioritization criteria. FirstEnergy PA Comments at 4-5.

Duquesne, EAP, FirstEnergy PA, PGW, PPL, and NFG oppose prioritizing LIURP based solely on arrearages or CAP shortfalls, arguing these criteria may not indicate

[74] The provisions of § 58.10 were amended January 2, 1998, effective January 3, 1998. See 28 Pa.B. 25.

[75] See Peoples 2015—2018 USECP, Docket No. M-2014-2432515 (Order entered on December 17, 2015), at 34—37, which rejected a base rate case settlement provision that relied upon CAP/non-CAP determination as an eligibility requirement for LIURP. See also PGW 2017—2020 USECP, Docket No. M-2016-2542415 (Order entered on August 3, 2017), at 38—42, which directed PGW to include all known low-income customers when determining LIURP eligibility, regardless of their enrollment status in PGW's CAP.

the highest savings potential. Overall, they disagree with the proposed amendments. They suggest prioritizing high-usage customers for maximum energy reduction impact. The above public utilities also submit that the current prioritization criteria, based on usage and bill reduction opportunities, are appropriate. They highlight concerns about the practicality and efficiency of introducing CAP shortfall or arrearage amounts as factors, emphasizing that these could complicate scheduling and reduce participation. Duquesne Comments at 10-11; EAP Comments at 17-18; FirstEnergy PA Comments at 4-5; PGW Comments at 4; PPL Comments at 9-10; NFG Comments at 7.

Specifically, FirstEnergy PA and PPL assert that PPA balances for CAP customers could originate from usage incurred in prior residences which was carried over to the current account, thus not reflecting the current household's energy needs. FirstEnergy PA suggests the household's total annual usage and income level as more effective criteria for prioritization. FirstEnergy PA Comments at 4; PPL Comments at 10-11.

EAP and NFG contend that introducing CAP shortfall as a prioritization component would require unnecessary investments and might not provide additional benefits. EAP Comments at 17-18; NFG Comments at 7.

PGW asserts that its current LIURP selection criteria, which prioritizes those customers with the highest gas usage, already effectively considers CAP customers with high CAP shortfalls. Furthermore, PGW asserts that prioritizing LIURP outreach based on PPAs would not be helpful since it already offers forgiveness for these balances outside of LIURP. PGW recommends addressing prioritization criteria within USECPs to allow stakeholders to provide input. PGW Comments at 4.

PPL disagrees that the CAP shortfall should be considered when prioritizing LIURP jobs. PPL asserts that this will result in customers who voluntarily applied for LIURP getting pushed back in the priority line. PPL recommends the PUC provide flexibility in scheduling and prioritizing jobs when serving high-usage baseload customers. PPL contends that a mandated prioritization schedule will make scheduling of LIURP jobs less efficient. PPL Comments at 9-10.

EAP and PGW oppose the removal of the option to require CAP participation as a condition for receiving program measures. EAP and PGW argue that allowing public utilities to retain this requirement helps incentivize CAP customers to participate. EAP asserts it benefits the CAP customer while reducing their CAP shortfall. EAP Comments at 18; PGW Comments at 5.

CAUSE-PA generally supports the prioritization of LIURP under the proposed amendments, especially the prioritization of households with the highest usage and arrears and lowest income levels. However, it expresses concerns about the framework's lack of specificity, which might result in underserved groups, such as renters, not being adequately reached. CAUSE-PA Comments at 66.

CAUSE-PA contends that the current and proposed provisions in § 58.10 regarding the relative size of a dwelling are too vague and could unfairly prioritize serving larger homes over smaller ones with relatively higher usage. CAUSE-PA recommends revising this requirement to prioritize participants with high usage relative to energy used per square footage, thus ensuring equitable inclusion of participants with smaller homes or apartments. CAUSE-PA Comments 66-67.

Additionally, CAC and CAUSE-PA suggest removing the proposed prioritization factor based on the number of consecutive months of service at a dwelling. They are concerned that this factor could exclude customers who have recently experienced service disconnections or terminations. CAUSE-PA also supports the proposed language that would (1) prohibit public utilities from restricting LIURP services to customers enrolled in CAP; and (2) require public utilities to encourage, rather than require, income-eligible LIURP recipients to participate in CAP. CAUSE-PA recommends further prohibiting public utilities from requiring CAP customers to participate in LIURP. CAC Comments at 3; CAUSE-PA Comments at 67.

CAC, CAUSE-PA, and EJA advocate for incorporating language that promotes integration with other weatherization programs. CAC and CAUSE-PA suggest prioritizing LIURP jobs that coordinate with other State and Federal programs (e.g., Act 129, WAP, Home Energy Rebate program) to enhance the reach and effectiveness of LIURP and address the comprehensive needs of low-income consumers. CAC Comments at 3; CAUSE-PA Comments at 67; EJA Comments at 8.

OCA recommends that the proposed regulation explicitly state that CAP customers should be automatically eligible for LIURP without additional applications or evaluations, and that CAP participants should be informed about LIURP when nearing their CAP credit limits. OCA opposes requiring CAP customers to participate in LIURP, arguing that while LIURP involvement is important, customers may have valid reasons for refusing in-home services. OCA asserts that just as customers are not required to participate in CAP to qualify for LIURP, customers should not be required to participate in LIURP to qualify for CAP. OCA recommends clarifying in the LIURP regulations that LIURP participation is not a requirement for CAP enrollment. OCA Comments at 44 and 64.

OCA supports prioritizing customers with the highest arrears relative to their income and CAP customers, as this reduces costs for both CAP customers and ratepayers. OCA does not oppose prioritizing CAP customers with the largest pre-program arrears but recommends that this prioritization be limited to customers with similar usage, focusing first on high-use customers and then within that group based on usage ranges. Additionally, OCA recommends the PUC increase LIURP income eligibility for special needs customers to 300% of the FPIG and apply the proposed prioritization factors to these customers as well. OCA Comments at 45-46.

TURN supports the PUC's proposal to allow customers who do not participate in CAP to qualify for LIURP. TURN recommends requiring public utilities to allow customers who receive program services to receive new arrearage forgiveness in CAP or an affordable monthly payment arrangement if they are income-ineligible for CAP. TURN states this should include those customers that have previously defaulted on CAP or previous payment arrangements. TURN Comments at 4.

TURN supports the proposed amendments to consider CAP shortfalls and PPAs when targeting program services. It emphasizes the importance of responsible targeting of LIURP funds and supports prioritizing these funds

based on highest usage and where they will provide the most benefit. While TURN agrees that CAP enrollment should not be required to receive program services, it suggests in cases of equal benefits to prioritize CAP customers for LIURP as reducing their energy consumption can result in cost reductions which benefit all non-CAP residential customers. TURN Comments at 5.

Stakeholder Reply Comments on § 58.10

PECO argues that proposals related to CAP and other universal service programs should be excluded from the LIURP rulemaking, emphasizing that changes such as program auto-enrollment should be handled by a separate PUC working group. PECO supports requiring CAP customers to participate in LIURP as a cost-control measure and opposes broad changes to CAP processes within the LIURP rulemaking. PECO RC at 8.

EAP suggests that expanding LIURP prioritizations is impractical given the current scheduling and completion challenges public utilities face and any such changes should be considered within each public utility's USECP rather than broadly in the rulemaking. EAP also disagrees with OCA's recommendation that public utilities should be prohibited from requiring CAP customers to participate in LIURP. EAP contends that linking the two programs can help public utilities meet LIURP participation goals and provide weatherization to as many customers as possible. EAP notes that public utilities who require CAP customers to participate in LIURP offer exceptions for personal or home-related issues, flexibility in LIURP scheduling, and multiple warnings/communications before removing a customer from CAP. EAP emphasizes that LIURP is not a collection tool but can reduce collection costs when paired with bill assistance programs like CAP. EAP RC at 14-15, 19, citing OCA Comments at 44-45.

OCA and TURN disagree with the arguments raised by EAP and public utilities against using CAP shortfall as a prioritization factor. OCA states that considering CAP shortfall when prioritizing LIURP jobs should allow smaller, multifamily units which do meet the public utility's high-usage requirements—but may have high usage on a square footage basis—to receive program services. OCA also contends that using CAP shortfall as a prioritization criterion would help keep the lowest-income customers below the maximum CAP credit limits. TURN notes that households with high CAP shortfall amounts will also benefit from program services in the event they become ineligible for CAP, as they will maintain the energy savings gained from LIURP. OCA RC at 58—60, citing EAP Comments at 17, FirstEnergy PA Comments at 4-5, PGW Comments at 4-5, PPL Comments at 9, and NFG Comments at 7; TURN RC at 15-16.

OCA agrees with the recommendations of CAC and EJA to allow prioritization of households when the weatherization work can be coordinated with other energy efficiency and home repair programs. OCA also supports considering TURN's recommendation to provide new arrearage forgiveness to LIURP recipients as part of a separate CAP rulemaking. OCA RC at 58—65, citing CAC Comments at 3, EJA Comments at 8, and TURN Comments at 4-5.

PECO opposes removing historic usage data considerations and requiring usage per square foot instead of household usage for prioritizing LIURP. PECO argues that without usage history, public utilities cannot accurately determine high usage and that assessing usage per square foot would require costly audits to determine the square footage of households that would reduce funds available for providing program services. PECO RC at 4-5.

TURN argues that while it is important to take CAP shortfall and arrears into consideration for LIURP prioritization, making CAP participation mandatory for LIURP recipients would mean excluding special needs customers and others unable to participate in CAP. TURN RC at 16.

Disposition on § 58.10

Regarding IRRC's request to explain the significance of the term "CAP shortfall," we clarify that this term is being used consistent with its definition in § 58.2. CAP shortfall is the difference between the actual cost of the energy used by a CAP customer and the discounted amount charged on a CAP bill. The CAP shortfall amount (i.e., the actual usage cost CAP customers are not required to pay) is recovered from other ratepayers. We further clarify that this term is significant as it factors into first prioritizing customers with the largest energy usage and greatest opportunities for public utility bill reductions relative to the cost of providing program services. A CAP bill could be fixed at a percentage of the household's income and the installation of program measures might not change the monthly amount a CAP customer is charged. Thus, there may be limited opportunity for bill reductions after program measures are installed for CAP customers. However, when the full energy usage costs of the household are considered, including the CAP shortfall, there may be significant opportunity to reduce the actual usage bill. For this reason, we decline the stakeholders' recommendations to remove the term "CAP shortfall" in § 58.10(a)(1).

As it pertains to the stakeholders' concerns raised on the prioritization factors proposed in § 58.10(a)(1), we clarify that eligible customers should be first prioritized based on high usage, as defined by the public utility's minimum usage threshold in its approved USECP, and opportunities for bill reduction. To address the stakeholders' concerns raised about the sequence of prioritization factors, we have revised final-form § 58.10(a)(1) to include "may" so that public utilities can consider the prioritization factors by energy usage when feasible. We have also revised the final-form § 58.10(a)(1) to clarify that it is the number of consecutive months an eligible customer has public utility service rather than "the number of consecutive service months . . ." at the dwelling. We note that language in proposed § 58.10(a)(1) would also allow a public utility to consider other factors in relation to facilitating bill reduction, if feasible. Further, while we acknowledge the stakeholders' positions that suggest adding a factor to prioritize cross-program coordination, we also recognize the stakeholders' positions that oppose this suggestion. To address both positions, we have also revised § 58.10(a)(1) to include a provision to prioritize cross-program coordination, when feasible.

Accordingly, we have revised the final-form § 58.10(a)(1) as follows:

(1) Among eligible customers, those with the largest **energy** usage and greatest opportunities for **PUBLIC utility** bill reductions relative to the cost of providing program services**, including CAP shortfall,** shall **[receive]** **be offered** **program** services first. When prioritizing eligible customers by usage level, several factors **[shall]** **[~~must~~]** **SHALL** be considered when feasible. These factors **MAY** include:

the size of the dwelling, the number of occupants**, the number of consecutive [~~service~~] months OF PUBLIC UTILITY SERVICE at the dwelling, THE OPPORTUNITY FOR COORDINATION WITH OTHER AVAILABLE PROGRAMS** and the end uses of the **PUBLIC** utility service. When prioritizing eligible customers by opportunities for **PUBLIC utility** bill reductions, **[utility rate factors which may tend to limit (for example, declining block rates) or facilitate, for example, time-of-day rates or heating rates, bill reductions somewhat independently of absolute usage levels should be considered.] a public utility may also consider factors that tend to facilitate PUBLIC utility bill reductions.**

Similarly to the revisions in § 58.10(a)(1), we have revised final-form § 58.10(a)(2) to clarify that the prioritization factors shall be considered "when feasible" in § 58.10(a)(2)(i)-(ii). We agree with stakeholders that the prioritization of CAP customers based on their PPA balance may not be appropriate, as this PPA balance may reflect usage charges incurred from a previous dwelling. Accordingly, we have revised final-form § 58.10(a)(2)(i) as follows:

(2) Among customers with the same standing with respect to paragraph (1), **[those with the greatest arrearages shall receive services first. When feasible,] WHEN FEASIBLE,** priority **[~~should~~] SHALL** be given to **[customers with the largest arrearage relative to their income; for example, arrearage as a percentage of income] customers in the following sequence:**

(i) Customers in CAP with the largest [~~pre-program and~~] in-program arrearage as a percentage of their household income.

(ii) Non-CAP customers with the largest arrearage as a percentage of household income.

Further, consistent with the revisions in this FFRO, we have revised the final-form § 58.10(b) to include the terms "residential space-heating or space-cooling" and "high-use." Accordingly, we have revised final-form § 58.10(b) as follows:

(b) **[Covered electric utilities] An EDC** shall use the **[guidelines outlined] prioritization provisions** in this section to determine the amount of **its** annual **[program funding] LIURP budget** to be **[budgeted] allocated** for **[usage reduction] program** services available to **ELECTRIC** residential **[~~electric~~] [space heating] space-heating OR SPACE-COOLING CUSTOMERS, electric** residential **[water heating] water-heating** customers and residential **[high-use] HIGH-USE** electric baseload customers.

With respect to proposed § 58.10(d), we decline to restrict LIURP participation to CAP-enrolled customers. While we acknowledge the stakeholders' recommendations to require CAP customers to participate in LIURP, we are not persuaded to revise this provision as suggested. We are also not persuaded to adopt stakeholder recommendations to prohibit a public utility from requiring CAP customers to participate in LIURP. Both suggestions relate to CAP requirements, not merely to LIURP requirements.

We recognize that public utilities may have different prioritization criteria. The additional revisions allow a public utility flexibility in applying the prioritization factors when appropriate and do not restrict a public utility from applying its existing prioritization requirements to address the specific needs of its service territory from proposing new prioritization requirements. We also note that these additional revisions address the concerns raised by stakeholders opposing the inclusion of the prioritization of the number of consecutive months of service at a dwelling. Further, regarding the revisions, we decline to change the requirement to consider prioritization based on the size of the dwelling to square footage, as suggested by commenters. A public utility's prioritization protocols will be documented in its approved USECP, as proposed in § 58.10(e).

Section 58.11. Energy audit—Replacing Energy survey

In the 2023 NOPR, we proposed to retitle § 58.11[76] as "Energy audit" (currently "energy survey") consistent with proposed definitions in § 58.2. We explained that § 58.11(a) would eliminate the provision requiring program measures installed be based on the result of energy savings derived from a simple payback of seven years or less or a 12-year payback criterion for more comprehensive program measures. We noted that this criterion would be replaced with a new provision in § 58.11(d)(2). 2023 NOPR Preamble at 64.

We proposed to remove and reserve § 58.11(b) and incorporate it into a new § 58.11a (relating to fuel switching). We proposed that § 58.11(c) would prohibit a public utility from using the same ESP to conduct an energy audit at a dwelling and to install follow-up program measures determined necessary during that energy audit. We explained that ESPs should conduct energy audits impartially without a motivation to benefit financially from the installation of follow-up measures proposed in that energy audit. 2023 NOPR Preamble at 64.

We proposed parameters in § 58.11(d)(1)-(2) on what an energy audit must determine regarding the appropriateness of installing program measures. In proposed § 58.11(d)(1) we clarified that a program measure is appropriate if it is not already present or is not performing effectively. We further clarified in § 58.11(d)(2) that a program measure is determined to be appropriate if its estimated energy savings derived from the installation of all program measures would exceed its costs over its expected lifetime. 2023 NOPR Preamble at 64.

We also proposed § 58.11(e) to allow flexibility in situations where a program measure may be determined necessary for the long-term health, safety, and comfort levels of dwelling occupants. We noted that in those situations, program measures may be installed even if there are no estimated energy savings. We attested that our proposal was consistent with § 58.1 that identifies improvement to the health, safety, and comfort levels of LIURP recipients as one of the purposes of a LIURP. 2023 NOPR Preamble at 65.

For example, we explained that the PUC previously approved temporary waivers of § 58.11(a) to allow a public utility the flexibility to use a cost/benefit calculation to determine what program measures to include in a LIURP job, rather than the seven-year or 12-year simple

[76] The provisions of § 58.10 were amended January 2, 1998, effective January 3, 1998. See 28 Pa.B. 25.

payback criteria.[77] Some program measures may reduce a dwelling's energy usage but do not qualify because their payback periods exceed seven to 12 years. As a result, we noted that some households did not experience the potential energy savings when a public utility cannot install all appropriate program measures in one comprehensive LIURP job. 2023 NOPR Preamble at 65.

We noted that this proposal was consistent with the comments to the 2016 Secretarial Letter from Duquesne, EAP, PGW, and PA-EEFA that recommended § 58.11 allow greater flexibility when determining the appropriate program measure for LIURP installations. Duquesne Comments to 2016 Secretarial Letter at 11; EAP Comments to 2016 Secretarial Letter at 15; PGW Comments to 2016 Secretarial Letter at 13; PA-EEFA RC to 2016 Secretarial Letter at 7. 2023 NOPR Preamble at 65.

IRRC Comments on § 58.11

IRRC notes that both the advocates and industry oppose proposed § 58.11(c), regarding the prohibition of a public utility from using the same ESP to both install program measures and perform the required energy audit. IRRC requests that the PUC explain the rationale for proposing this provision. IRRC notes that similar prohibitions regarding quality control inspections are found in proposed § 58.14a(e). IRRC Comments at 7.

Stakeholder Comments on § 58.11

CAUSE-PA supports the proposed language in § 58.11(a) that assigns public utilities with responsibility for conducting energy audits and amending the criteria for program measures to be installed but urges the PUC to prioritize the use of CBOs to perform these services. CAUSE-PA recommends restricting the use of remote energy audits to circumstances where an in-person audit is not possible. CAUSE-PA Comments at 59-60.

PPL agrees that an energy audit should be conducted instead of a survey, and that removing the word "onsite" from the regulations provides ESPs the flexibility to conduct a virtual audit, which can be a cheaper and more convenient option. PPL Comments at 11.

Duquesne, EJA, FirstEnergy PA, PECO, PPL, CAUSE-PA, PA-CLEEC, EAP, and TURN oppose the proposed addition of § 58.11(c) that prevents public utilities from using the same ESP for both an energy audit and the installation of recommended program measures at a dwelling. Duquesne Comments at 11-12; EJA Comments at 6; PECO Comments at 5; CAUSE-PA Comments at 61—63; PA-CLEEC Comments at 8-9; EAP Comments at 18-19; TURN Comments at 13; FirstEnergy PA Comments at 6-7.

Duquesne states that there is a lack of evidence to support this restriction, as they employ several measures to avoid auditors conducting unnecessary work—such as requiring pre-approvals for comprehensive jobs and conducting post-job inspections—and additional restrictions would increase the difficulty and cost of program delivery. PECO avers that the current practice of using a single ESP is more convenient, cost efficient, provides a more positive customer experience and lower environmental impact, and that public utilities are already required by § 58.15 to annually report on the quality of program services. PPL posits that using multiple ESPs could increase the time and expense of completing LIURP jobs, reduce the number of LIURP jobs the public utility is able to complete, and that there are already reliable processes that ensure energy audits are conducted correctly. Duquesne Comments at 11-12; PECO Comments at 5; PPL Comments at 11-12.

EJA recommends that the PUC adopt regulatory language that strengthens the preference for CBO service providers and improves post-installation inspection and quality control compliance monitoring. EJA Comments at 6.

FirstEnergy PA reports that it has not encountered any issues related to using the same ESP for both energy audits and follow-up measures. FirstEnergy PA asserts that that this proposed amendment would result in reduced ESP accountability, increased customer inconvenience, weakened program coordination, increased administrative costs including additional hiring, additional visits to the customers' homes, and increased customer complaints. FirstEnergy PA notes that a third-party Quality Assurance vendor currently inspects 35% of completed ESP jobs, which adds an additional layer of oversight while avoiding issues with ESPs benefiting financially from installing unwarranted measures. FirstEnergy PA also states that its existing LIURP management system would need significant reprogramming to accommodate the new processes at a cost projected to exceed $500,000. FirstEnergy PA Comments at 5—7.

CAUSE-PA expressed concern that requiring separate ESPs could require multiple appointments during business hours, causing greater financial hardships for LIURP participants. CAUSE-PA states that limiting an ESP to only energy audits would delay installations and leave health and safety measures to go unaddressed. CAUSE-PA also notes that the potential for inappropriate financial incentives is adequately addressed in proposed § 58.14a(e), which requires the post-installation inspection be conducted by a different ESP. CAUSE-PA Comments at 61—63.

CAUSE-PA proposes the following amendment to § 58.11(c):

> (c) A public utility may **[~~not~~]** use the same ESP that performed an energy audit at a dwelling to install the program measures determined appropriate by the energy audit at the same dwelling.

CAUSE-PA Comments at 63-64.

PA-CLEEC contends that proposed § 58.11(c) would channel initial energy audits to companies that only perform audit services and do not have installation expertise or provide comprehensive whole-house solutions. PA-CLEEC recommends public utilities be permitted to use the same company for both audit and installation of measures, provided that job data does not suggest that too many or too few program measures are being recommended by a particular ESP. PA-CLEEC proposes the following amendments to § 58.11(c):

> (c) **Absent a public utility demonstrating by statistical evidence that there is a material problem with the same ESP performing an energy audit and installing a program measure at the same dwelling, [A] a** public utility may **[~~not~~]** use the same ESP that performed an energy audit at a dwelling to install the program measures determined appropriate by the energy audit at the same dwelling.

PA-CLEEC Comments at 8-9.

[77] See, e.g., FirstEnergy PA 2015—2018 USECP, Docket Nos. M-2014-2407729, M-2014-2407730, M-2014-2407731, and M-2014-2407728 (Order entered on May 19, 2015), at 45—49. See also PGW 2017—2020 USECP, Docket No. M-2016-2542415 (Order entered on August 3, 2017), at 50—52.

EAP notes that many public utilities already face challenges in finding ESPs to conduct LIURP jobs and that prohibiting an ESP from conducting various types of work would be detrimental, while also potentially increasing administrative costs due to new reporting requirements, subcontractor markups, and extra visits. EAP suggests addressing concerns about conflicts of interest through quality assurance protocols that can be developed and approved in USECP proceedings. EAP Comments at 18-19.

TURN avers that the proposed § 58.11(c) would create the need to use up to three different ESPs for each LIURP job, which could have significant financial implications as well as increasing the number of workers in the home. TURN encourages the PUC to explore exceptions to this limitation. TURN Comments at 13.

PGW and PECO support evaluating program measures for cost-effectiveness based on their expected lifetime rather than assessing program measures based on a 7-year or 12-year payback period, as recommended in proposed § 58.11(d), but disagree with the proposed methodologies. PECO asserts this change will allow it to provide a broader array of program measures for installation. PGW notes that certain program measures (e.g., furnace, air sealing) have lifetimes that far exceed the 12-year threshold. PGW contends that considering the lifetime of program measures offers a more accurate metric for determining which program measures to install and delivers an improved representation of true cost-effectiveness compared to a 7-year or 12-year payback system. PECO Comments at 5; PGW Comments at 5-6.

PGW recommends assessing cost-effectiveness at the job level rather than for each individual program measure. PGW states that it has obtained waivers of § 58.11 since 2011 to employ a Total Resource Cost (TRC) approach, instead of the standard 7-year and 12-year payback evaluation, which provides comprehensive weatherization and enhances customer comfort by treating the whole house as a system, which results in more cost-effective program measures being installed. PGW proposes the following amendments to § 58.11(d):

> (d) To evaluate whether the installation of program measures on a dwelling are appropriate, the energy audit must determine both:
>
> (1) Whether a program measure is not already present or is not performing effectively.
>
> (2) Whether the total estimated energy savings would exceed the cost of installation of all program measures over the expected lifetime of those program measures, **BASED ON THE COST EFFECTIVENESS THAT THE UTILITY APPLIES, WHICH HAS BEEN INCLUDED IN THEIR UNIVERSAL SERVICE PLAN**.

PGW Comments at 6.

EAP, NFG, OCA, and CAUSE-PA also support the proposed amendments to § 58.11 that would eliminate the existing 7 and 12-year payback requirements. EAP Comments at 19; NFG Comments at 7; OCA Comments at 46, 63; CAUSE-PA Comments at 60-61.

CAUSE-PA asserts that proposed § 58.11(d) will grant flexibility in determining which program measures are appropriate and necessary to facilitate installation and address health and safety issues that will allow for greater ease of coordination and integration with other weatherization and energy efficiency programs. CAUSE-PA Comments at 60-61.

PPL agrees with the proposed changes to § 58.11(d)(1)-(2) regarding how energy audits should evaluate whether program measures are appropriate. PPL Comments at 11.

EAP and NFG support the proposed amendments to § 58.11 (d) and (e). However, they question how the expected lifetimes of program measures are to be calculated on an individual and collective basis. EAP and NFG suggest removing references to the expected lifetime of individual measures if the goal is to enable job-level savings calculations. EAP Comments at 19; NFG Comments at 7.

OCA asserts that the proposed change will create flexibility in terms of program measures used by the public utility. However, OCA states that the PUC's proposed LIURP regulations do not fully address the circumstances for retreating homes that previously received LIURP. OCA proposes adding a regulation that establishes circumstances for a home to be eligible for retreatment. OCA contends that households which previously received only baseload measures due to underlying circumstances should not be prevented from receiving full weatherization in the future. OCA Comments at 46 and 63.

Stakeholder Reply Comments on § 58.11

CAUSE-PA opposes PGW's recommendation that cost-effectiveness should be measured at the job-level, rather than at the program measure level, such as through a TRC test. CAUSE-PA argues that a TRC test does not adequately account for the lack of discretionary income for low-income households, routinely fails to account for cost savings related to low-income efficiency programs, does not account for the totality of benefits, and would result in installation of fewer comprehensive measures. CAUSE-PA RC at 14-15, citing PGW Comments at 5-6.

TURN supports PGW's proposal to determine cost effectiveness of a program measure at the job level rather than by the individual measure, as this strategy would allow for the installation of certain program measures that may not independently lower energy usage but are necessary to safely complete others. TURN RC at 16, citing PGW Comments at 6-7.

Disposition on § 58.11

In response to IRRC comments regarding the proposed provision in § 58.11(c), the rationale for proposing this provision of independence between an ESP that performs an energy audit and the ESP that would install the recommended program measures was to implement safeguards to prevent the potential for conflict-of-interest situations where an ESP may be responsible for both conducting the energy audit and the installation of follow-up measures. After consideration of the concerns and points raised by stakeholders, we recognize that most public utilities have been using one ESP to conduct the energy audit and the same ESP to install the recommended program measures without a conflict-of-interest and that implementing this provision could potentially increase program time and costs for the public utility, ESPs, and the LIURP participants. We acknowledge the stakeholders' assertions that other sections in Chapter 58, for example §§ 58.14 and 58.15, provide an additional layer of oversight to address quality control issues such as inappropriate financial incentives and conflicts-of-interest. Accordingly, we have removed § 58.11(c) in its entirety from the final-form regulation.

With respect to CAUSE-PA's recommendation to prioritize CBO's in performing program services in § 58.11(a), we note that proposed language in § 58.14b(d) has language that would direct a public utility to prioritize using CBOs that meet its ESP qualifications. Also, we decline to adopt CAUSE-PA's suggestion to restrict remote energy audits to circumstances when an in-person energy audit is not possible. We find it appropriate to allow a public utility to determine when a remote energy audit is appropriate on a case-by-case basis.

Further, as it pertains to some of the stakeholders' questions regarding proposed § 58.11(c), we clarify that the intent of removing the 7-year and 12-year payback periods for individual program measures is to provide flexibility for public utilities to calculate and evaluate cost-effectiveness of all program measures as a whole at the job level. The PUC has previously granted public utilities flexibility when applying the 7-year or 12-year payback periods for individual program measures to evaluate the cost-effectiveness of the entire LIURP job.[78] We note that proposed § 58.11(c) refers to the total estimated energy savings for all program measures over the expected lifetime of those measures and is not strictly based on individual program measure payback periods. We also note that the term "lifetime expectancy of program measures" is recognized as an energy industry-wide standard for a whole house treatment approach and in conjunction with § 58.11(d) the estimated energy cost savings of all program measures and the long-term health, safety, and comfort levels of occupants should be considered when evaluating the installation of program measures as a whole. Thus, this approach minimizes intrusions on the customer by efficiently treating as much of the home as possible at one time.

With regard to PGW's assertions about applying a TRC approach, we agree with CAUSE-PA that an EDC's LIURP must remain separate from Act 129 under statutory requirements.[79] Although the PUC has approved PGW's requests to apply a TRC test for LIURP jobs in its service territory,[80] this practice may not be appropriate for determining the cost effectiveness of program measures in other EDC and NGDC service territories. Accordingly, we decline to make additional amendments to proposed § 58.11(c), noting that we will address specific issues related to calculating the methodology for cost-effectiveness in individual public utility-specific PUC proceedings.

Additionally, we decline to adopt OCA's recommendation to add a provision in Chapter 58 that addresses circumstances for a dwelling to be re-eligible for LIURP. We agree with OCA that there are circumstances when a dwelling that only received baseload measures due to underlying circumstances (e.g., health and safety issues, failure to receive landlord consent) need not be prohibited from receiving full weatherization in the future. We recognize that the public utility's re-weatherization time-periods have been tied to payback periods for program measures (i.e., the energy savings from LIURP work should exceed the cost of the installed program measures over a certain timeframe) which sometimes resulted in high-usage households remaining ineligible for LIURP even if they had received only low-cost or limited program measures within a certain number of years. The PUC has supported public utilities establishing exceptions to weatherization time limits in these circumstances, if warranted, in USECP proceedings.[81] Therefore, we will continue to address exceptions to a public utility's re-weatherization practices in its individual USECP proceedings.

Accordingly, we have revised § 58.11 by eliminating § 58.11(c). We have also renumbered the proposed (d) as (c) and the proposed (e) as (d), as follows:

[~~(c) A public utility may not use the same ESP that performed an energy audit at a dwelling to install the program measures determined appropriate by the energy audit at the same dwelling.~~]

[~~(d)~~] (C) To evaluate whether the installation of program measures on a dwelling are appropriate, the energy audit [~~must~~] SHALL determine both:

(1) Whether a program measure is not already present or is not performing effectively.

(2) Whether the total estimated energy savings would exceed the cost of installation of all program measures over the expected lifetime of those program measures.

[~~(e)~~] (D) Notwithstanding § 58.11[~~(d)~~](C), a public utility may determine that providing a program measure is necessary for the long-term health, safety, and comfort levels for the occupants regardless of the estimated energy savings.

Section § 58.11a. Fuel switching

In the 2023 NOPR, we proposed a new § 58.11a titled "Fuel switching" to establish requirements related to a public utility using LIURP funds for fuel switching between electric and natural gas. We incorporated language removed from the existing § 58.11(b) concerning fuel switching within a dual-fuel public utility into this section. 2023 NOPR Preamble at 65.

We explained that proposed § 58.11a(a) would identify the conditions under which LIURP funds may be used for program measures involving fuel switching. We further explained that § 58.11a(a)(1) would allow fuel switching within a dual-fuel public utility. We proposed § 58.11a(a)(2) to allow fuel switching if a primary heating source is determined to be inoperable or unrepairable or if the cost to repair exceeds the cost of replacement and both public utilities agree in writing that fuel switching is appropriate. Furthermore, we proposed § 58.11a(b) to require the public utility to document the conditions necessitating fuel switching. 2023 NOPR Preamble at 66.

We noted that PPL and PA-EEFA supported revising Chapter 58 to better define and address fuel switching. PPL Comments to 2016 Secretarial Letter at 12; PA-EEFA Comments to 2016 Secretarial Letter at 16-17. 2023 NOPR Preamble at 66.

[78] See FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 88—90. See also PGW 2023-2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 73—76.

[79] 66 Pa.C.S. § 2806.1(b)(1)(i)(G).

[80] See, e.g., PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023) at 73—76.

[81] See FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 79—81. See PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023), at 72-73. See also PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023), at 84—86 and Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024), at 82-83.

IRRC Comments on § 58.11a

IRRC requests that the PUC respond to the following questions regarding the proposed amendments to § 58.11a:

• Will the decision to switch fuel be driven by an assessment of overall household energy usage or determined by public utility preference?

• When a decision is made to switch fuel, which public utility's LIURP will be responsible for paying the costs associated with the switch?

• How will disputes be resolved between partnering public utilities when they cannot reach an agreement on various aspects of the switching process?

IRRC Comments at 7.

Stakeholder Comments on § 58.11a

NFG does not support the proposed provisions for fuel switching, citing a deficiency of details on how the process would work, such as the lack of specific circumstances for considering fuel switching, unclear allocation of costs between public utility LIURPs or third-party weatherization programs, and no provisions for repairs or replacement when the main heat source is a deliverable fuel. NFG recommends either removing the proposed § 58.11a or modifying the proposed regulation to address these concerns. NFG Comments at 8.

PGW acknowledges that the PUC has the authority to encourage or require public utilities to use LIURP funds recovered from ratepayers to pay for fuel switching. However, PGW contends that the PUC should not require PGW ratepayers to subsidize fuel switching to an electric public utility. PGW recommends that the public utility being switched to should be responsible to pay the fuel switching costs. PGW Comments at 7.

CAC, CAUSE-PA, EJA, OCA, PPL, and TURN support the addition of fuel switching to the LIURP regulations but propose different clarifications or amendments to the provisions. CAC Comments at 3—5; CAUSE-PA Comments at 68—70; EJA Comments at 4-5; OCA Comments at 47—49; PPL Comments at 12-13; TURN Comments at 3-4.

CAC and EJA highlight the impact of increasingly hot summers causing cooling costs to make up a greater percentage of home energy expenses, particularly for low-income families who are more likely to live in less efficient homes. CAC emphasizes the health risks of extreme heat, and raised concerns that the proposed amendment may not sufficiently address the cooling needs of LIURP participants. CAC and EJA also assert that the choice of a home energy fuel source should be determined by an assessment of the overall household energy burden rather than through utility preference. CAC recommends revising § 58.11a to incorporate considerations of overall home energy burden, including heating and cooling costs, when deciding whether to allow a utility to switch fuel sources. EJA recommends that LIURP funds be authorized to support fuel-blind fuel switching when it results in the lowest projected annual home energy burden, without requiring permission from other public utilities or fuel vendors and add language to § 58.11(a) prioritizing efficient cooling measures. CAC Comments at 3—5; EJA Comments at 4-5.

CAUSE-PA recommends requiring the public utility or ESP to conduct an energy audit to ensure LIURP participants have the information needed to make an informed decision by providing a report, including an estimate of how fuel switching could impact their monthly bills. CAUSE-PA posits that requiring ESPs to provide this information would help ensure that LIURP builds in measures for educating and empowering customers to make LIURP decisions with informed consent. CAUSE-PA strongly recommends amending § 58.11a to permit fuel switching for deliverable fuel customers when the financial benefits in terms of reduced energy usage and costs, as well as health and safety benefits, are most pronounced. CAUSE-PA Comments at 70.

CAUSE-PA also asserts that fuel switching should not be driven by public utility preference or whether low-income customers are serviced by a dual-fuel utility, or separate public utilities. CAUSE-PA recommends revising § 58.11a(a)(1) to clarify that fuel switching is available to households receiving natural gas and electric from separate utilities subject to the same requirements as households serviced by dual-fuel utilities. CAUSE-PA Comments at 68-69.

PPL agrees, in part, with the fuel switching process proposed in § 58.11a(a)(2). PPL asserts that costs related to fuel switching will fall onto electric public utilities because inoperable gas/oil systems will produce little to no usage to qualify a customer for program services. Further, PPL states that public utilities need direction from the PUC on how a written fuel switching agreement will work between public utilities and how disputes between them will be resolved. PPL Comments at 12-13.

CAUSE-PA, OCA, and TURN oppose requiring both public utilities to consent in writing to fuel switching as proposed in § 58.11a(a)(2). CAUSE-PA posits that requiring dual utility approval would create an unnecessary administrative hurdle and enable a public utility to prevent a prudent switch resulting in households receiving higher energy bills than necessary. TURN states that this requirement could impede inter-utility coordination, decrease energy savings, and potentially leave households without heat. OCA asserts that if an ESP determines that switching the home's primary heating service would be more cost-effective and result in greater energy savings, the customer should have the choice to receive the fuel switch, not the public utilities. TURN asserts that the "appropriateness" criterion for fuel switching should be based on customer needs, cost-effectiveness, and a fuel-neutral evaluation, rather than on a case-by-case agreement between utilities. CAUSE-PA asserts that if a household meets the requirements in proposed § 58.11 and fuel switching would result in a reduction in energy burden, the decision to fuel switch should be decided by the LIURP participant and public utility authorizing use of its LIURP funds. CAUSE-PA Comments at 69-70; OCA Comments at 47—49; TURN Comments at 3-4.

OCA also recommends that a public utility should be able to consider both space-heating and space-cooling costs when determining the cost-effectiveness of fuel switching and evaluate total household energy saved on a MMBtu basis. OCA Comments at 48-49.

Stakeholder Reply Comments on § 58.11a

Duquesne agrees with commenters that it is not in the interest of customers to delay fuel switching jobs by requiring written approval from both public utilities. Duquesne notes that multiple commenters discussed support for fuel switching when it provides benefits to the

customer, including by installing cold-climate heat pumps that have the ability to provide heat but also efficient cooling.[82] Duquesne contends the cost effectiveness of heat pumps and other beneficial solutions will depend on the LIURP customer's home and heating source. Duquesne recommends the PUC open a dedicated proceeding specifically on fuel switching, including beneficial electrification with a goal to implement a Policy Statement. Duquesne Letter in Lieu of RC at 2, citing CAUSE-PA Comments at 68, TURN Comments at 3, OCA Comments at 46-47, CAC Comments at 3-4, and EJA Comments at 4.

PECO states that it is appropriate for the relevant public utilities to agree to a fuel switching installation before using LIURP funds to support that installation. Further, PECO notes that public utilities must receive customer consent before it proceeds with the fuel switching installation. PECO agrees that the regulations should contain additional details on how public utilities should evaluate fuel switching installations for cost-effectiveness. PECO also concurs with PGW that the public utility serving the fuel switching installation should incur the related costs. PECO RC at 6-7, citing PGW Comments at 7.

OCA asserts that the issues identified by NFG should not prohibit fuel switching. OCA agrees with PPL and PGW that the PUC should specifically identify how fuel switching costs will be allocated to public utilities in its final rulemaking order. OCA RC at 66-67, citing NFG Comments at 8, PPL Comments at 12, and PGW Comments at 7.

PPL supports the proposed inclusion of fuel switching in the LIURP regulations and agrees with OCA's opinion that assessments of cost-effectiveness should factor in the impact of both space-heating and space-cooling. PPL RC at 7, citing OCA Comments at 47.

OCA agrees with CAUSE-PA's assertion that decisions to fuel switch should be made through a neutral assessment on whether the fuel source would reduce the household's energy burden and whether the customer consents to the switch. OCA submits that a requirement for both public utilities to consent to fuel switching presents a barrier, arguing that the customer (i.e., landlord or owner) owns the appliances and should be able to determine what fuel source they prefer. OCA submits that customer consent to fuel switching should be sufficient, and that the public utility should not be able to override it. OCA RC at 68, citing CAUSE-PA Comments at 68.

OCA does not agree with CAUSE-PA that LIURP fuel switching should apply to customers who heat with deliverable fuels. OCA asserts that CAUSE-PA's recommendation is not clear on how adding deliverable fuels to fuel switching would lead to an overall usage reduction for LIURP. OCA submits that switching to an alternative deliverable fuel would be outside of the LIURP equation. OCA RC at 68, citing CAUSE-PA Comments at 71.

OCA supports EJA's recommendation to add language at § 58.11a that would require all home energy costs, including summer cooling costs, in the assessment of fuel switching. OCA RC at 70-71, citing EJA Comments at 5.

[82] Duquesne further notes that the PUC previously declined to address fuel switching as part of the Act 129 Phase IV Tentative Implementation Order. Duquesne Letter in Lieu of RC at 2, citing Act 129 Phase IV Tentative Implementation Oder, Docket No. M-2020-3015228 (Order entered on June 18, 2020) at 105.

TURN reiterates its support for allowing fuel-switching in LIURP but agrees with PPL that inter-utility agreements regarding fuel switching are unnecessary and create avoidable complexities. TURN submits that fuel switching related issues can be resolved in each public utility's individual LIURP, rather than in the regulations, as the answers may vary for each public utility. TURN RC at 17-18, citing PPL Comments at 13.

Disposition on § 58.11a

Regarding proposed § 58.11a, we acknowledge the concerns raised by IRRC and stakeholders that request more clarification on the circumstances for fuel switching. We recognize that additional detail is needed to establish a clearer policy and procedure. Taking this into consideration, we conclude that it would be more appropriate at this time to revise § 58.11a to only permit fuel-switching within a public utility that provides both electric and natural gas.

We will explore proposals to fuel-switch between regulated and unregulated public utilities in individual USECP proceedings. We encourage public utilities to consider proposing additional fuel switching options as pilot programs, subject to the requirements in § 58.13a. Accordingly, we have revised § 58.11a as follows:

[~~(a)~~] LIURP funds may be used for program measures that involve fuel switching between electric and natural gas [~~under either of the following conditions:~~] WHEN THE PUBLIC UTILITY PROVIDES BOTH ELECTRIC AND NATURAL GAS UTILITY SERVICE TO THE LIURP PARTICIPANT.

[~~(1) When the public utility provides both electric and natural gas utility service to the LIURP participant.~~]

[~~(2) If the primary heating source provided by another public utility is determined to be inoperable or unrepairable or if the cost to repair would exceed the cost of replacement and both public utilities agree in writing that fuel switching is appropriate.~~]

[~~(b) The public utility shall document these conditions.~~]

We note that the final-form provisions in § 58.15a will require public utilities to document and report fuel switching jobs.

Section 58.12. Incidental repairs and health and safety measures

In the 2023 NOPR, we proposed to retitle this section as "Incidental repairs and health and safety measures" (currently "incidental repairs") to establish provisions for both incidental repairs and health and safety measures. 2023 NOPR Preamble at 71-72.

We proposed in § 58.12(a) to require a public utility to identify in its USECP the criteria used for performing incidental repairs and health and safety measures. We explained that services provided by incidental repairs and health and safety measures would be identified separately in proposed §§ 58.12(a)(1)-(2). 2023 NOPR Preamble at 72.

We proposed § 58.12(b) to require a public utility to set separate allowance limits for incidental repairs and health and safety measures through a USECP proceeding. We acknowledged that the PUC has previously directed

public utilities to develop LIURP protocols and allowance limits for incidental repairs and health and safety measures.[83] We noted that while LIURP is not designed to support major repairs or rehabilitation of dwellings, there are often situations that could justify small repairs or remediation of health hazards to perform more comprehensive weatherization treatments. 2023 NOPR Preamble at 72.

We proposed § 58.12(c) to establish requirements under which a public utility may defer a dwelling that does not meet the criteria for incidental repairs or health and safety measures or that exceeds the maximum budget allowance. We explained that it also would require a public utility to provide written notification to customers when the dwelling is deferred and require the public utility to track deferred dwellings for a period of at least three years. 2023 NOPR Preamble at 72.

We indicated that the proposed deferral provisions are consistent with DCED's WAP protocols that require agencies to maintain a list of all clients who are deferred, the reason for deferral and the other program they were referred to, if appropriate.[84] We specified that public utilities are not required to report deferrals under existing Chapter 58 and that it was not clear how many Pennsylvania dwellings were being disqualified from LIURP based on health or safety conditions, or both, in a residence (e.g., mold, moisture, or structural issues). We explained that updating Chapter 58 to be consistent with DCED's WAP protocols would establish a uniform approach to identifying and tracking low-income dwellings in need of repairs before weatherization work can be provided. 2023 NOPR Preamble at 72-73.

IRRC Comments on § 58.12

IRRC requests the PUC respond to the following questions regarding the proposed amendments to § 58.12:

(a) Criteria and services

• Did the PUC consider adding a specific dollar amount as a minimum for each home repair?

• How would adding a specific dollar amount as a minimum for each home impact potential customers and a public utility's LIURP?

(b) Allowances

• Are public utilities required to have a separate allowance limit for incidental repairs and a separate allowance limit for health and safety measures?

(c) Deferrals

• Are there any timeframes associated with the deferral of the work under § 58.12(c)?

• When a dwelling is deferred, is the deferral temporary or permanent?

• Do public utilities have an obligation to follow up with the customer?

• Why are the reporting requirements under § 58.12(c)(2) needed?

• What will the PUC do with the information it collects?

IRRC Comments 7-8.

Stakeholder Comments on § 58.12

§ 58.12 (generally) and 58.12(a)

Duquesne, CAUSE-PA, and PPL support the proposed amendments to § 58.12(a). Duquesne Comments at 12-13; CAUSE-PA Comments at 51-52; PPL Comments at 13-14. However, Duquesne recommends the removal of § 58.12(a)(1) and (2), arguing that the proposed language unnecessarily restricts potential measures and fails to consider differences in service territories and customer needs, such as electric versus natural gas heating. Duquesne asserts that the proposed definitions in § 58.2 adequately cover incidental repairs and health and safety measures, making further specificity in § 58.12 unnecessary and limiting. Duquesne Comments at 12-13.

CAUSE-PA recommends amending § 58.12(a)(2) to clarify that health and safety measures are not limited to only the specific measures proposed listed. CAUSE-PA also notes that the PUC's enumeration of specific health and safety measures does not match the definition of "health and safety measure" proposed in § 58.2. CAUSE-PA proposes the following amendment to § 58.12(a)(2):

> ***(2) Health and safety measures.*** **These measures may include BUT ARE NOT LIMITED TO installing smoke alarms or carbon monoxide detectors, performing combustion testing and identifying and remediating potential hazards such as knob and tube wiring, mold, asbestos and moisture.**

CAUSE-PA Comments at 51-52.

PPL agrees that the criteria for performing incidental repairs and health and safety measures should be established in a USECP. PPL also agrees with tracking a list of deferred dwellings for at least three years. However, PPL contends the focus of LIURP should remain on reducing energy usage and increasing the health, safety, and welfare of household members as it relates to energy usage rather than repairing other defective housing conditions. PPL Comments at 13-14.

PGW opposes establishing specific cost allowances for health and safety or incidental repair program measures, noting that the costs associated with these program measures vary and do not influence cost-effectiveness of the overall job. PGW notes that it secured a waiver of § 58.11 in its USECP to use a TRC approach for calculating cost-effectiveness of LIURP jobs, which it states is more conducive to cost effectively integrating incidental repairs. PGW Comments at 7-8.

PGW states that it has been actively investigating approaches to incorporate health and safety measures and incidental repairs into its LIURP. PGW notes that it has had success with its Health & Safety Pilot program, which allocates $100,000 annually for health and safety remediations that would otherwise not be addressed as part of a cost-effective job (e.g., roof repairs, mold remediation). PGW reports that the average natural gas savings for Health & Safety Pilot jobs were approximately 81% higher than natural gas savings from average LIURP comprehensive jobs (i.e., 271 ccf vs. 150 ccf). PGW further states that its Health & Safety Pilot implementation has been successful in addressing challenges like knob-and-tube wire remediation which is common in its service territory and can prohibit attic insulation. PGW Comments at 9.

[83] See, e.g., PECO 2016—2018 USECP, Docket No. M-2015-2507139 (Order entered on February 25, 2016), at 21-22.

[84] DCED 2022-2023 DOE State Plan—Health & Safety Plan at 1. (*Editor's Note*: 2022-2023 DOE State Plan—Health & Safety Plan at 1 is no longer available by means of an URL on the DOE website. Since the NOPR mentions the 2022-2023 plan and the FFRO refers to it, PUC addresses the lack of a URL for 2022-2023 by providing the name of the most recent plan and the URL for that plan instead). https://dced.pa.gov/library/?wpdmc=weatherization-assistance-program-wap (accessed on December 4, 2025). This policy is also consistent with DCED's most recent 2025-2026 DOE State Plan—Health & Safety Plan at 1.

OCA recommends amending proposed § 58.12(a)(2) to include the removal of pests when appropriate. OCA submits that § 58.12 should also allow public utilities to install baseload measures such as lighting, refrigerator testing and replacement, smart power strips, and water heating measures even if comprehensive measures cannot be installed due to health and safety issues, as proposed by FirstEnergy PA in its comments to the 2016 Secretarial Letter. OCA Comments at 49, citing FirstEnergy PA Comments to 2016 Secretarial Letter at 8-9.

§ 58.12(b)

Duquesne does not oppose the proposed language in § 58.12(b). EAP generally supports the proposed changes § 58.12 but seeks clarification on certain points. EAP and NFG seek clarification of § 58.12(b), regarding the allocation of spending allowances for incidental repairs and health and safety measures. They interpret the provision to mean that both program measures would share one spending allocation, but they request these measures be further defined if the public utilities must separately track and report incidental repair and health and safety expenditures. Duquesne Comments at 13; EAP Comments at 20; NFG Comments at 8.

CAUSE-PA states that unanticipated events could impact the adequacy of funding for health and safety measures and incidental repairs that would necessitate PUC attention sooner than the five-year USECP review process. CAUSE-PA expressed concern that the proposed language in § 58.12(b) allows, but does not require, a public utility to identify and establish a health and safety allowance. CAUSE-PA and EJA recommend that the PUC require public utilities to establish LIURP health and safety budgets of no less than $2,000 per home. EJA further recommends allowing public utilities to have flexibility to approve additional spending as necessary. CAUSE-PA Comments at 52-53; EJA Comments at 8.

CAUSE-PA proposes the following amendment to § 58.12(b):

(b) *Allowances.* PUBLIC UTILITIES SHALL ESTABLISH A SEPARATE ALLOWANCE FOR incidental REPAIRS AND FOR health and safety measures [~~must have separate allowance limits, approved through USECP proceeding~~]. ALLOWANCES FOR THE COMBINED TOTAL BUDGET FOR BOTH INCIDENTAL REPAIRS AND HEALTH AND SAFETY MEASURES WILL NOT BE LESS THAN $2,000 PER HOME.

CAUSE-PA Comments at 52-53.

UGI recommends including a spending limit of 25% for health and safety measures in LIURP jobs to control costs and prioritize the primary goal of energy reduction. UGI submits that this recommendation is made to address the potentially high costs of health and safety measures like knob and tube wiring replacement, mold remediation, asbestos removal, and moisture remediation, which could impact the cost-effectiveness of LIURP. UGI Comments at 6-7.

CAC strongly supports the PUC's decision to include health and safety measures in § 58.12 but proposes more specific requirements for public utility health and safety plans. It suggests that the PUC standardize LIURP health and safety allowances across Pennsylvania to guarantee consistent availability of funds for supporting critical repairs. CAC Comments at 5.

§ 58.12(c)

In regard to proposed § 58.12(c), CAUSE-PA recommends that the PUC clarify that before a LIURP job is deferred due to exceeding the maximum budget allowance, the public utility is required to assess whether it could perform the work in coordination with other programs to leverage the available health and/or incidental repair allowance with other program resources. CAUSE-PA recommends the PUC develop further guidelines establishing clear criteria for deferrals that do not meet the criteria for incidental repairs or health and safety measures, or that exceed the maximum budget allowance. OCA also supports establishing standards for reasonable and appropriate deferral determinations based on the severity of the situation which needs to be addressed. CAUSE-PA Comments at 54; OCA Comments at 50.

CAC, TURN, and EJA recommend that the PUC require a public utility to actively refer customers to available home repair, social and housing service providers, and other relevant programs in the area that can address the issues causing deferment. CAC suggests that a public utility be mandated to maintain a referral list in its approved USECP. CAC Comments at 5; TURN Comments at 9; EJA Comments at 8.

CAUSE-PA supports the proposed requirement in § 58.12(c)(1) that a public utility must inform the customer in writing when a deferral is necessary and describe the conditions that must be met for program measures to be installed. However, CAUSE-PA recommends that the PUC further require public utilities to work with deferred households to connect them to other available programs to address the health and safety issues. If this coordination is not possible, CAUSE-PA recommends the public utility should be required to provide a letter detailing the health and safety issues that must be remediated, along with an estimated cost. CAUSE-PA Comments at 54-55.

OCA recommends amending § 58.12(c)(1) to include a timeframe for when the public utility must provide a written deferral notification. It submits that the deferral notification should be clear that the deferral is temporary and that the public utility is postponing the installation of program measures until the health and safety issues can be resolved and/or other sources of help are found. OCA further submits that a customer should also be able to later qualify for full weatherization services if only baseload measures were installed due to health and safety issues. OCA Comments at 49-50.

Duquesne generally supports the proposed language in § 58.12(c) but expresses concerns about § 58.12(c)(2). Duquesne questions the extensive reporting provisions, emphasizing the lack of demonstrated benefits and the intended use of the reported information. Duquesne highlights its existing reporting practices, detailing information on expenditures, completed jobs, coordinated jobs with NGDCs, appliance replacements, and safety measures. Duquesne argues that the proposed additional LIURP reporting requirements, including those proposed in § 58.12(c)(2), will increase program costs, affecting all customers. Duquesne suggests that the PUC conduct a cost-benefit analysis or provide supporting information justifying the need for the extensive reporting requirements proposed in the 2023 NOPR. Duquesne Comments at 13.

CAUSE-PA recommends that proposed § 58.12(c)(2) also require public utilities to track deferrals by reason for deferral, type of measure required, steps taken to coordinate with other agencies, and the number of jobs the public utility is able to subsequently remediate after coordination with other agencies. CAUSE-PA states that tracking the number of deferrals is not adequate to understand the full scope of the barriers and whether adjustments to the deferral process should be made. CAUSE-PA Comments at 55.

EAP questions what the additional data proposed in § 58.12(c) will be used for and the necessity of tracking deferred dwellings for a minimum of three years, apart from aligning with DCED WAP protocols. EAP questions the usefulness and necessity of collecting this data, especially at a cost to ratepayers, without a clear ultimate purpose or goal. EAP Comments at 20.

Stakeholder Reply Comments on § 58.12

PPL opposes CAUSE-PA's recommendation that public utilities be required to establish a minimum allocation of $2,000 per home for both incidental repairs and health and safety measures. PPL also opposes EJA's[85] similar recommendation to require a minimum LIURP health and safety budget of no less than $2,000 per home, with flexibility to approve additional spending if needed to ensure the installation of available efficiency, weatherization, and usage reduction measures. PPL RC at 8, citing CAUSE-PA Comments at 53 and EJA Comments at 8.

PPL contends that implementing these proposals would require public utilities to allocate significant portions of their LIURP budgets to incidental repairs and health and safety measures, leaving less funding available for program measures. PPL argues that CAUSE-PA and EJA fail to provide data to support their suggested threshold of $2,000 per home. PPL suggests that if any minimum funding threshold were to be established, it should be done on a case-by-case basis through individual USECP proceedings rather than through the current rulemaking proceeding. PPL RC at 9.

EAP disagrees with CAC's proposal to establish a statewide standardized health and safety allowance, noting that a standardized allowance may not be in the best interests of customers. EAP also disagrees with commenters proposals to require public utilities to maintain referral lists to available home repair, social, and housing service providers for cases where customers are deferred for health, safety, or structural issues. EAP argues that maintaining referral lists could be impractical and ineffective due to the changing landscape of service providers over time. EAP notes that requiring public utilities to assess whether work could be performed in conjunction with other available programs before deferring a home would not be practical. EAP asserts that other weatherization programs do not typically share deferral lists with public utilities, and coordinating such efforts would likely involve significant administrative burden and time-consuming outreach. EAP RC at 16, citing CAC Comments at 5, EAP Comments at 8, TURN Comments at 9, and CAUSE-PA Comments at 54.

OCA disagrees with Duquesne's proposal to remove § 58.12(a)(1)-(2), stating that the health and safety measures identified in these provisions are not exclusive but a standard baseline of measures. OCA supports CAUSE-PA's recommendation to include the language "but are not limited to" with the list of health and safety measures to allow for flexibility to install measures necessary to address health and safety issues. OCA maintains that establishing a standard baseline of health and safety measures in the regulations is necessary to ensure that there are no differences across public utilities about what issues would be treated or deferred. OCA RC at 72, citing Duquesne Comments at 12 and CAUSE-PA Comments at 52.

OCA disagrees with EAP's notion that a firm cap should be established for both incidental repairs and health and safety measure expenditures. OCA submits that any allowance for incidental repairs or health and safety measures (combined or separated), should be adequate enough for the public utility to address identified health and safety issues. OCA supports the PUC's proposed tracking of deferrals and recommends that the PUC maintain the proposed deferral tracking provisions. OCA RC at 72-73, citing EAP Comments at 20.

OCA generally agrees with the recommendations of EJA, CAC, and CAUSE-PA but is concerned about the proposal to set a specific dollar amount for health and safety budgets in the regulations, such as a minimum of $2,000. OCA submits that the health and safety budget should be set in the public utilities USECP rather than establishing a minimum threshold in regulation. OCA RC at 73-74, citing EJA at 8, CAC Comments at 5, and CAUSE-PA Comments at 53.

In response to UGI and PECO's comments, TURN submits that the purpose of the health and safety allowances is to allow for repairs that may not by themselves limit energy use but enable other energy reduction program measures to be delivered. In response to PGW's comments, TURN acknowledges that strict health and safety budget limitations may be inappropriate in some circumstances but avers that the regulation does not prevent a public utility from approaching the allowance limitations from a total cost basis or seeking a waiver/exemption in certain circumstances. TURN further avers that health and safety allowance limitations should be considered as part of public utility-specific proceedings rather than through this rulemaking. TURN RC at 18, citing UGI Comments at 6, PECO Comments at 2, and PGW Comments at 7.

Disposition on § 58.12

We have considered the concerns raised by some stakeholders that suggest that the provisions in § 58.12(a)(1) and (2) duplicate the definitions of incidental repairs and health safety measures proposed in § 58.2 (relating to definitions). We have also considered the concerns raised by some stakeholders that suggest § 58.12(a)(2) limits health and safety measures to only those identified in § 58.12(a)(2). We clarify that § 58.12(a)(1) and (2) build upon the definitions of health and safety measures and incidental repairs proposed in § 58.2 (relating to definitions). We clarify that the term "may include" used in § 58.12(a)(2) is not restrictive; it provides an example of applicable health and safety measures, not an exhaustive list. Therefore, using "may include" is appropriate because it does not limit health and safety measures to only those specified in this section. Additionally, LRB instructions are to avoid "but not limited to" because "includes" or "including" is sufficient. LRB 6th ed. at § 6.16. Further, LRB advises that "may" is to be used in the permissive

[85] PPL references "Earth Justice Advocates" instead of "Energy Justice Advocates." We have referred to all mentions of "Earth Justice Advocates" as "Energy Justice Advocates" using "EJA."

sense to express a right, power, or privilege; it conveys that the action is discretionary. LRB 6th ed. at §§ 6.7 and 6.16.

We disagree with the stakeholder comments that suggest revising § 58.12(b) to standardize the incidental repairs and health and safety allowance and to require public utilities to allocate a minimum of $2,000 for both incidental repairs and health and safety measures. As we previously noted, the PUC has directed public utilities to develop incidental repairs and health and safety protocols and set allowance limits in individual public utility USECP proceedings. We will continue to address each public utility's incidental repair and health and safety allowance limits in individual public utility proceedings based on the needs of its service territory rather than standardizing such limits in this rulemaking. We have revised the final form § 58.12(b) to replace "USECP proceeding" with "Commission proceeding." As it pertains to some of the stakeholders' interpretations of § 58.12(b) that suggest incidental repairs and health and safety measures would share one spending allocation, we clarify that separate allowance thresholds are to be established for each.

Accordingly, we have revised final-form § 58.12(b) as follows:

(b) *Allowances.* [~~Incidental repairs and health and safety measures must have separate allowance limits, approved through a USECP proceeding.~~] A PUBLIC UTILITY SHALL ESTABLISH SEPARATE ALLOWANCE LIMITS FOR INCIDENTAL REPAIRS AND FOR HEALTH AND SAFETY MEASURES, APPROVED THROUGH A COMMISSION PROCEEDING.

In response to CAUSE-PA's concerns with proposed § 58.12(c), we agree that before a dwelling is deferred, a public utility is required to assess whether program services could be coordinated with other available resources. Accordingly, we revised final-form § 58.12(c) as follows:

(c) *Deferral.* A public utility may defer a dwelling due to health, safety [and] OR structural problems OR A COMBINATION OF SUCH PROBLEMS that either do not meet the criteria or exceed the maximum budget allowances for incidental repairs or health and safety measures AND THE DEFERRAL PROBLEMS CANNOT BE ADDRESSED THROUGH COORDINATION WITH OTHER AVAILABLE PROGRAMS.

We recognize the importance of ensuring that customers are referred to other available programs that can address the issue for deferral, as some stakeholders' comments suggested. While we also recognize the concerns raised by some stakeholders suggesting that it would be impractical and ineffective for public utilities to maintain a referral list; this appears to be a service already provided to deferred customers by some public utilities. For example, public utilities have reported in USECP proceedings that when a dwelling is deferred, the ESP refers the customer to outside agencies or other weatherization programs for repair work.[86] We note that public utilities currently refer customers to internal and external organizations and assistance programs through CARES. This would appear to indicate that LIURP and CARES could work in tandem to provide further assistance to a customer whose dwelling is deferred. The intention is to ensure that customers are informed of the reason why they are not eligible to receive LIURP at that time and made aware of other organizations and programs (e.g., PA 211, WAP, LIHEAP, community agencies/non-profits) that could potentially assist them in resolving the deferral issue. Therefore, we agree that § 58.12(c)(1) should require that customers are provided referral assistance, if available, and that the customer is informed in writing that the determination to defer the dwelling for LIURP is temporary until those conditions are resolved.

Accordingly, we have revised final-form § 58.12(c)(1) as follows:

(1) If deferral is necessary, the public utility shall inform the customer in writing [~~and describe~~] OF the conditions that must be met for program services to be installed AND PROVIDE THE CUSTOMER WITH REFERRAL ASSISTANCE TO ORGANIZATIONS OR OTHER PROGRAMS THAT CAN ADDRESS THE DEFERRAL CONDITION OR CONDITIONS, IF SUCH RESOURCES ARE KNOWN TO BE AVAILABLE.

Regarding the concerns raised by some stakeholders to § 58.12(c)(2) about the necessity of tracking deferred dwellings, we clarify that the goal of maintaining this information allows deferred dwellings to be re-evaluated later if the deferral issue is resolved or if additional resources (i.e., funding, programs) become available to address the deferral issue. We note that tracking and maintaining deferral information can identify the most common reasons for deferrals in one or more public utility service territories that could indicate a need for additional services or programs to decrease deferral rates. The intention is to ensure that when a LIURP job cannot be completed due to conditions in the dwelling, it is tracked as a deferral. We note that the PUC has directed public utilities to track and report deferrals on an annual basis in several USECP proceedings.[87] We conclude that capturing a LIURP job that cannot be completed due to dwelling conditions and ensuring that these jobs are trackable does not appear to cause a significant cost increase for ratepayers.

Additionally, we agree with CAUSE-PA that proposed § 58.12(c)(2) should also require public utilities to track and report the reasons for LIURP deferrals. However, we are not inclined to require public utilities to track and report deferrals by the type of program measures required, steps taken to coordinate with other agencies or the number of LIURP jobs that were able to be remediated after coordination with other agencies. These additional deferral factors may be difficult to accurately track and increase administrative burdens and program costs related to reporting. Accordingly, we have revised final-form § 58.12(c)(2) as follows:

(2) A public utility shall track and maintain a list of dwellings deferred AND THE REASON FOR THE DEFERRAL within the past three

[86] See Columbia 2019—2021 USECP, Docket No. M-2018-2645401 (filed on November 25, 2019) at 17; and FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 81—86.

[87] See, e.g., FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 86; Duquesne 2020—2025 USECP, Docket No. M-2019-3008227 (Order entered on April 21, 2022) at 70-71; Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024) at 86—88; and PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023) at 52—54.

years. This information [~~must~~] SHALL be reported under § 58.15A.

Section 58.13. Energy conservation education

In the 2023 NOPR, we proposed to retitle this section as "Energy conservation education" (currently "usage reduction education") consistent with the proposed definitions in § 58.2. We updated the terms in this section consistent with the proposed definitions in § 58.2, including replacing "program" with "LIURP" when appropriate. 2023 NOPR Preamble at 75-76.

We proposed to retitle § 58.13(b) as "LIURP budget" (currently "funding level"). We noted that the proposed change is consistent with the proposed clarification in § 58.4 regarding the difference between a LIURP budget and a LIURP funding mechanism. We proposed to remove the provision in § 58.13(b) that required an energy conservation education program that exceeds $150 per recipient be "pilot tested for 1 year" and "be measured for the incremental contribution to energy savings that the usage reduction education produces and the cost-effectiveness of that contribution." Instead, we proposed to require that an energy conservation education program that exceeds $150 per recipient be approved through a USECP proceeding, thus providing the opportunity for stakeholder comments, staff review and revisions. We explained that it would be unreasonable to require a public utility to measure energy savings based solely on energy conservation education. We noted that education services may include training and materials such as pamphlets, flyers, and presentations intended to change customer behavior toward energy usage. We further noted that it may not be possible to measure or ascribe future energy savings based solely on the energy conservation education provided. 2023 NOPR Preamble at 76.

We proposed to remove and reserve § 58.13(c) (relating to pilot programs) and incorporate the language removed from § 58.13(c) in § 58.13a(a) (relating to LIURP pilot programs). 2023 NOPR Preamble at 76.

We proposed to amend § 58.13(d) to require a public utility to provide energy conservation education activities in a language or method of communication appropriate to its target audience, providing all LIURP recipients with an equal opportunity to access energy resources. We noted that our proposal was consistent with the customer information provisions in § 56.91(b)(17) regarding the provision of notices in languages other than English.[88] We also noted that the amendments in this section are consistent with the customized educational approach supported by PA-EEFA, which recommend providing energy conservation education to all household members, in the language used by the household. PA-EEFA Comments to 2016 Secretarial Letter at 15. 2023 NOPR Preamble at 76-77.

We proposed amendments in § 58.13(d)(3) to replace the current term "occupant or owner" with "owner, landlord, or tenant." 2023 NOPR Preamble at 77.

We proposed to add new § 58.13(d)(4), titled "Post-installation education," to require that energy conservation education be provided by phone or in-person to recipients of program measures whose energy usage increased within 12 months post-installation. We noted that this provision was consistent with the practices of some public utilities, which provide additional energy conservation education when a customer's usage remains high or continues to increase after receiving program services.[89] We also noted that such a practice tends to produce better conservation results. 2023 NOPR Preamble at 77.

IRRC Comments on § 58.13

IRRC notes that the new proposed language at § 58.13(d) provides discretion and flexibility to a public utility while the language in § 56.91(b)(17) is more specific on what is required. IRRC questions whether a public utility who meets the requirements of § 56.91(b)(17) will have also satisfied its energy conservation education services requirement under § 58.13(b). IRRC Comments at 8.

IRRC requests that the PUC identify the potential costs for public utilities and savings for customers related to the proposed new requirement of post-installation education in § 58.13(d)(4). IRRC Comments at 8.

Stakeholder Comments on § 58.13

EAP and NFG propose amending the provision in § 58.13(b) which requires public utilities to submit energy conservation education programs for review and approval in USECP if they exceed $150 per LIURP recipient. EAP and NFG recommend replacing the $150 limit with a percentage threshold to allow the cost to keep pace with inflation. EAP Comments at 21; NFG Comments at 8.

Duquesne, PECO, and PGW oppose the proposed inclusion of § 58.13(d)(4). Duquesne asserts that this requirement would entail significant resources and costs, lacks clarity on the usage threshold triggering it, and duplicates a similar provision in the proposed § 58.14a(f). Duquesne recommends that if § 58.13(d)(4) is retained, it should apply only to heating customers as this specification would avoid potential overlap between EDC and NGDC LIURPs. Duquesne Comments at 14.

PECO opposes providing post-installation education, in person or by phone, to all LIURP recipients whose usage increased 12 months post-installation. PECO asserts that this proposal is unnecessary and could result in additional LIURP spending that may not lead to usage reduction. PECO Comments at 7.

PGW states it has already established a protocol for monitoring customers whose energy usage has increased 12 months after receiving LIURP. PGW reports that its third-party inspection contractor conducts follow-up inspections with a select group of customers with the goal of ascertaining the reasons behind the increased usage. Additionally, the inspectors offer on-site customer education as needed. PGW Comments at 9-10.

EAP and NFG support most of the proposed revisions in § 58.13. However, EAP and NFG disagree with the proposal outlined in § 58.13(d)(4) concerning post-installation education. They assert that there are numerous reasons why an individual customer's energy usage might rise within a year after program measures have been installed, such as personal comfort or life changes like the birth of a child. EAP and NFG contend that additional education, particularly costly in-person visits,

[88] Section 56.91(b)(17) provides that a public utility shall provide "[i]nformation in Spanish directing Spanish-speaking customers to the numbers to call for information and translation assistance. Similar information shall be included in other languages when census data indicates that 5% or more of the residents of the public utility's service territory are using that language."

[89] See, e.g., Columbia Gas 2019—2021 USECP, Docket No. M-2018-2645401 (filed on November 25, 2019), at 26. See also FirstEnergy PA 2019—2021 USECP at 23.

is unlikely to address these natural fluctuations in energy usage. They state that requiring public utilities to control customer usage is impractical if not impossible, especially for customers who may have had no recent contact with the public utility and are content with their energy usage. If the PUC determines post-installation education for non-savers is necessary, EAP and NFG recommend establishing a usage increase threshold of 25% or more during the post-measure period and allow public utilities to provide education through letters or emails rather than in-person visits. EAP Comments at 20-21; NFG Comments at 8.

PPL generally agrees with the proposed changes to § 58.13 relating to energy conservation education but suggests that post-installation education be more targeted. PPL reports that it currently contacts customers whose usage increases by 10% in the 12 months post-installation period and also sends post-installation letters to customers whose usage decreases by 10%. PPL states that targeted outreach will result in the most efficient use of LIURP resources. PPL Comments at 14.

OCA notes its support for energy conservation education measures but states that the proposed amendments at § 58.13 should include energy conservation education provisions for customers with LEP. OCA Comments at 51.

PECO opposes adding proposed language at § 58.13(d) that states: "A public utility shall take reasonable steps to provide energy conservation education activities in the language or the method of communication appropriate to its target audience." PECO disagrees that this proposed language is consistent with the customer information provisions in § 56.91(b)(17). PECO Comments at 6, citing the 2023 NOPR Preamble at 76. PECO notes that the proposed communication provisions in § 58.13(d) would apply to all education activities while § 56.91(b)(17) only applies to termination notices and only requires the information to be provided in Spanish and another language "when census data indicates that 5% or more of the residents of the public utility's service territory are using that language." PECO claims that the costs of complying with the new provision may be substantial thereby reducing available funding for its usage reduction measures. PECO recommends that the PUC remove that sentence and add language to § 58.13(d) that states:

ENERGY CONSERVATION EDUCATION MATERIALS. THE UTILITY MUST TAKE REASONABLE STEPS TO PROVIDE ENERGY CONSERVATION EDUCATION MATERIALS IN ANOTHER LANGUAGE WHEN CENSUS DATA INDICATES THAT 5% OR MORE OF THE RESIDENTS OF THE PUBLIC UTILITY'S SERVICE TERRITORY ARE USING THAT LANGUAGE.

PECO Comments at 6-7.

PGW asserts that public utilities should not be required to itemize customer education as a standalone measure. PGW asserts that public utilities should have the flexibility to include the cost of any customer education into the energy assessment expenses. PGW Comments at 9-10.

Stakeholder Reply Comments on § 58.13

OCA agrees with EAP that the dollar amount of "$150" in § 58.13(b) should be changed to a percentage threshold. OCA asserts that price increases and inflation over time will reduce the fixed number, and a percentage will allow for the threshold to change. OCA RC at 74, citing EAP Comments at 21.

OCA reiterates the importance of making education accessible by using plain language and ensuring materials are comprehensible to all, especially those with LEP. OCA states that if the 5% threshold is retained, it recommends adding additional language after the 5% that would account for geographic differences in LEP needs across service territories. OCA submits the need for both oral interpretation and written translation services at all customer contact points, including call centers and online platforms. OCA RC at 75-76.

OCA supports the proposed inclusion of § 58.13(d)(4), emphasizing the importance of in-person or phone contacts to understand usage increases. OCA agrees with PPL's recommendation to establish a usage increase threshold of 10% for providing post-installation education. However, OCA disagrees with Duquesne's proposal to limit post-installation inspections to heating measures and submits that baseload measures should also require a post-installation inspection. OCA RC at 79, citing Duquesne Comments at 14 and PPL Comments at 14.

TURN supports the proposed updates to § 58.13 requiring post-installation education. TURN disagrees with EAP's suggestion that it would be costly to provide energy conservation education to all households whose energy increased 12 months post installation. TURN acknowledges PECO's comments that non-LIURP factors could increase energy usage but submits that energy conservation education could help households respond to such factors. On the basis of PECO's statement that it already monitors household usage 12-month post installation and additional education would be unnecessary, TURN submits that the issues PECO raised can be addressed within its own LIURP instead of in the LIURP regulation. TURN RC at 19-20, citing EAP Comments 20 and PECO Comments at 6-7.

Disposition on § 58.13

To address IRRC's comment regarding the distinction between § 56.91(b)(17) and § 58.13(d), we clarify that the customer information provisions under § 56.91(b) apply to a notice of service termination while the proposed § 58.13(d) would apply to energy conservation education. We note that there is consistency within the aspect of "limited English proficiency," but that the act of serving a termination notice to a customer in Spanish would not satisfy the requirements under proposed § 58.13(d). Further, in response to IRRC's request to identify the potential costs for public utilities and savings for customers related to the proposed new requirement of post-installation education in § 58.13(d)(4), we clarify that proposed amendments are intended to standardize the energy conservation education processes that public utilities already provide. Providing programming costs and energy savings specifically limited to education processes would be difficult to quantify. Additionally, we note that the number of LIURP jobs can be affected by various factors, including public utility rate changes, that impact the costs and savings.

As it pertains to § 58.13(b), we decline to adopt stakeholders' recommendations to change the dollar amount of $150 to a percentage. We clarify that the $150 per household provision is an existing requirement in § 58.13(b), not a new proposal. We note that this provision requires review and approval for energy conservation education programs with average costs exceeding $150 per household but that does not mean that a public utility cannot spend more than the $150 threshold if approved by the PUC.

Accordingly, similar to our revisions in other sections of Chapter 58, we have revised final-form § 58.13(b) to replace "USECP proceeding" with "Commission proceeding" as follows:

(b) **[** ***Funding level*** **]** ***LIURP Budget***. **[Expenditures for usage reduction]** **The portion of the LIURP budget allocated for energy conservation** education services **[** ~~**shall**~~ **]** **[** ~~**must**~~ **]** **SHALL** be sufficient to provide these services to each customer who receives other program services. **[Usage reduction]** **Energy conservation** education programs that have average costs which exceed $150 per program recipient household **[are to be pilot tested for 1 year during which the program will be measured for the incremental contribution to energy savings that the usage reduction education produces and the cost-effectiveness of that contribution]** **[** ~~**must**~~ **]** **SHALL be submitted for review and approval through a [** ~~**USECP**~~ **] COMMISSION proceeding**.

Regarding § 58.13(d), we clarify that this provision is intended to enhance the level of communication between a public utility and its targeted audience. For example, if a public utility is aware that the majority of attendees at a scheduled group presentation or in-home presentation would speak French, then the public utility could take reasonable steps to ensure availability and accessibility to translation services, translated materials, and/or other methods to ensure the information is presented in a way that is easily seen and understood at the time of the presentation. We note that this scenario would also apply in taking reasonable steps to ensure accessibility services are available for the deaf and hard of hearing, such as a telecommunications device for the deaf (TDD), at the time of the presentation. We note that the activities identified in §§ 58.13(d)(1)—(4), with the addition of proposed § 58.13(d)(4), are existing and that most public utilities have translation services available. However, while we are not persuaded to include language from § 56.91(b)(17) as suggested by some stakeholders, we note that consistent with regulatory construction and interpretation, the activities must include, but are not limited to, the ones identified.

Accordingly, we have revised final-form § 58.13(d) as follows:

(d) *Program services.* The **[usage reduction]** **energy conservation** education services described in this chapter include activities designed to produce voluntary conservation of energy on the part of eligible customers. **A public utility shall take reasonable steps to provide energy conservation education activities in the language or the method of communication appropriate to its target audience.** The activities **[shall]** **[** ~~**must**~~ **]** **SHALL** include**[, but need not be restricted to,]** **BUT NEED NOT BE RESTRICTED TO** the following:

With respect to proposed § 58.13(d)(4), we recognize the concerns raised by some of the stakeholders that other reasons, such as life changes, may cause natural fluctuations in a LIURP participant's energy usage post-installation of program measures and would not constitute an in-person follow up visit. We also agree with the stakeholders that the requirement to follow-up post-installation in § 58.13(d)(4) duplicates the provision in § 58.14a(f), which requires the public utility to determine when a post-installation follow-up is necessary. We clarify that providing post-installation education should be part of a public utility's quality control procedures, as specified in § 58.14a(f), when a LIURP participant is contacted regarding increased usage by more than 15% within the first 12 months after installation of program measures.

Accordingly, we have revised the final-form § 58.13(d)(4) as follows:

(4) ***Post-installation education*****. Energy conservation education [** ~~**must**~~ **] SHALL be provided by phone or in-person to recipients of program measures [whose energy usage has increased 12 months post-installation] UNDER § 58.14A(F)**.

Section 58.13a. LIURP pilot programs

In the 2023 NOPR, we proposed § 58.13a, titled "LIURP pilot programs," to provide provisions on the approval process, timeframes, and reporting requirements related to LIURP pilot programs. We proposed to incorporate amended language removed from § 58.13(c) regarding the development and evaluation of proposed pilot programs. We explained that the existing Chapter 58 did not provide direction regarding the development and evaluation of LIURP pilot programs and that proposing § 58.13a would provide such directions. We proposed provisions to codify the long-standing practice of approving proposed LIURP pilot programs through a USECP proceeding.[90] 2023 NOPR Preamble at 77.

We proposed §§ 58.13a(a)(1)—(4) to provide examples of the types of pilot program services that public utilities may propose related to related to energy conservation education, renewable energy sources, fuel switching, and air conditioning. In § 58.13a(b), we proposed to require a public utility to attempt to coordinate pilot program-related services among other community resources, including EDC and NGDC universal service programs. 2023 NOPR Preamble at 78.

Further, we proposed provisions in §§ 58.13a(c)-(d) to require that proposed pilot programs be subject to approval in a USECP proceeding and not exceed a maximum timeframe of five years or the expiration of the public utility's current USECP, whichever comes later. We noted that public utilities would also be required to seek PUC approval in a USECP proceeding, to discontinue a pilot program earlier than previously approved, or to incorporate an approved pilot program as a regular component of LIURP. 2023 NOPR Preamble at 78.

IRRC Comments on § 58.13a

IRRC requests the PUC identify the need for a LIURP pilot program to be approved only through a USECP proceeding and whether there are other types of PUC proceedings that may be appropriate for the approval of pilot LIURPs. IRRC Comments at 8.

Stakeholder Comments on § 58.13a

EAP, NFG, and PPL support the inclusion of § 58.13a as proposed. EAP and NFG request that the same consideration regarding limiting LIURP budget adjustments to USECP proceedings be applied to pilot programs and delineated in this section as well. EAP Comments at 22; NFG Comments at 8; PPL Comments at 15.

[90] See, e.g., National Fuel Gas Distribution Corporation 2017—2020 USECP, Docket Nos. P-2019-3008559 and M-2016-2573847 (Order entered on October 24, 2019). This Order approved NFG's Petition to implement its LC-LIURP Pilot Program.

TURN considers the PUC's proposed additional guidance and clarification on LIURP pilot programs to be instructive and to provide needed oversight. TURN asserts, however, that LIURP pilot programs should be allowed to be taken into consideration in base rate or other proceedings under certain circumstances. TURN Comments at 13.

CAUSE-PA and Duquesne support the LIURP pilot program services proposed in §§ 58.13a(a)(1)—(4) but advocate for additional flexibility within the regulation to propose other types of innovative pilot programs. Specifically, they propose amending the first sentence in § 58.13a(a) to read "(a) Public utilities may propose LIURP pilot programs that offer innovative services that may include, **but are not limited to**, the following: . . ." CAUSE-PA Comments at 47; Duquesne Comments at 14.

Duquesne does not object to the proposed § 58.13a(b) but requests clarification regarding the LIURP pilot program approval process outlined in § 58.13a(c). Duquesne assumes that the intention is to address any proposals related to LIURP pilot program through USECP dockets rather than base rate or other proceedings. Duquesne recommends that the PUC specify that such proposals can be addressed through the submission of a petition to the USECP docket without requiring a full USECP proceeding. Duquesne Comments at 14-15.

CAUSE-PA and PECO oppose limiting consideration of LIURP pilot proposals to USECP proceedings. CAUSE-PA also opposes the proposed language in § 58.13a(d) that restricts the maximum timeframe for a pilot program to five years or the expiration of the current USECP, whichever comes later. CAUSE-PA states that relegation of pilot consideration to USECP proceedings would foreclose the ability of public utilities and stakeholders to improve intra-public utility and inter-public utility coordination through innovative LIURP pilots outside of a USECP proceeding cycle, which are scheduled once every five years. PECO asserts it may be reasonable and beneficial for customers to consider a new LIURP pilot program—or changes to an existing one—in a base rate or other proceeding. CAUSE-PA Comments at 47—49; PECO Comments at 7.

Stakeholder Reply Comments on § 58.13a

EAP agrees with CAUSE-PA that LIURP pilot program proposals should not be restricted to a five-year USECP cycle. EAP asserts that this restriction would hinder the development of shorter-term pilot programs or innovative approaches to addressing service needs. EAP supports the filing of LIURP pilot program proposals at existing or newly proposed USECP dockets, however, EAP submits that public utilities should be permitted to submit such proposals at any point in the USECP cycle. EAP RC at 16-17, citing CAUSE-PA Comments at 47.

OCA supports PECO's recommendation that LIURP pilot programs should not be limited to consideration in USECP proceedings. OCA RC at 79, citing PECO Comments at 7.

Disposition on § 58.13a

As explained in greater detail above, the term "may" in § 58.13a(a) is synonymous with the informal usage of "may include, but not limited to. . . ." "Includes" conveys the same meaning and identifies the subsequent list as examples, not restricted to those specifically mentioned in this section. Accordingly, we conclude that the term "may include" is appropriate and decline to revise as it was suggested.

Consistent with our disposition on the definition of "de facto heating," we have amended § 58.13a(a) to identify de facto heating as a potential LIURP pilot program, as follows:

(a) Public utilities may propose LIURP pilot programs that offer innovative services that may include the following:

(1) Energy conservation education.

(2) Renewable energy sources.

(3) Fuel switching.

(4) Air conditioning.

(5) DE FACTO HEATING.

We recognize that some stakeholders disagree with the provision proposed in § 58.13a(c) that would restrict proposals to establish or modify a LIURP pilot program through a USECP proceeding. IRRC questioned the limitation and whether other options are available. Similar to our revisions in other sections of Chapter 58, we have revised final-form § 58.13a(c) to replace "USECP proceeding" with "Commission proceeding" to clarify that proposals to establish or modify a LIURP pilot program is not limited to a USECP proceeding, notwithstanding the fact that a USECP proceeding is a PUC proceeding.

Accordingly, we have revised final-form § 58.13a(c) as follows:

(c) A public utility shall seek approval through a [~~USECP~~] COMMISSION proceeding before establishing or changing a pilot program, discontinuing a pilot program early, or incorporating the provisions of a pilot program as a regular component of its LIURP.

To address the concerns raised by some of the stakeholders' regarding the provisions proposed in § 58.13a(c) and (d), we clarify that the provisions do not prohibit a public utility from proposing a new LIURP pilot program or amending an existing LIURP pilot program at any time during the term of an approved USECP (which is currently on a presumptive five-year cycle) through a petition at the docket(s) for its current USECP and, if applicable, its pending proposed USECP. We note that the intention of having established the presumptive five-year cycle in Docket No. M-2019-3012601 for USECPs was to allow sufficient time to implement and review the results of approved USECPs. Similarly, proposing a five-year time period for a LIURP pilot program is to provide a public utility a sufficient amount of time to implement and evaluate the results of the pilot and decide whether to seek approval to incorporate it as a permanent component of its LIURP or to discontinue it. There may be reasons why a pilot program would need to last longer than five years, but a pilot program should not continue indefinitely. Thus, we reiterate that a public utility may file a petition at any point within the five-year time period to request a discontinuation, modification, or continuance beyond the five-year time period, and other stakeholders have the right to file answers to such petitions.

Accordingly, we have revised final-form § 58.13a(d) to clarify that the maximum duration of a LIURP pilot program shall not exceed five years after implementation, unless PUC approval is received to exceed the five-year time period, as follows:

(d) The duration of [~~a~~] AN APPROVED pilot program [~~must~~] SHALL not exceed 5 years [~~or continue after the expiration of the public utility's current USECP, whichever comes later~~] AFTER IMPLEMENTATION WITHOUT EXPRESS APPROVAL OF THE COMMISSION.

Section 58.14. Program measure installation

In the 2023 NOPR, we proposed to clarify and update the existing provisions in this section regarding the installation of program measures for residential space-heating, water-heating and baseload customers. We updated the terms in this section consistent with the proposed definitions in § 58.2 and reformatted § 58.14(a)(2) to §§ 58.14(a)(2)(i)—(iii). We explained that smart meters and newer technologies have replaced program measures related to rewiring water heaters to permit billing on a time of day or other off-peak rate schedule, and as such we removed this language. We revised § 58.14(a)(3) to include repairing and replacing water heaters that are not the primary heating source for the dwelling as applicable baseload program measures. 2023 NOPR Preamble at 79-80.

We proposed to remove and reserve existing § 58.14(b) and incorporate its substance into proposed § 58.14(d). We added § 58.14(d) to require that program measures installed have a minimum of a one-year warranty covering workmanship and materials. We also proposed to remove and reserve § 58.14(c) and incorporate language from this deleted subsection into proposed § 58.14a (relating to quality control) and § 58.14c (relating to inter-utility coordination). 2023 NOPR Preamble at 80.

IRRC Comments on § 58.14

IRRC requests that the PUC identify whether space-cooling measures should be added to § 58.14 and whether the PUC has the statutory authority to do so. Further, IRRC asks the PUC to explain what role the public utility should have in the securing of warranties for installed program measures. IRRC Comments at 8.

Stakeholder Comments on § 58.14

EAP, NFG, and PPL support the proposed amendments to § 58.14. EAP Comments at 22; NFG Comments at 9; PPL Comments at 15.

CAC supports including "air conditioner installations" as a program measure but is concerned that the proposed amendment may not sufficiently address the cooling needs of LIURP participants. CAC suggests further revisions to § 58.14 to include space-cooling program measures alongside space-heating, water-heating, and baseload end uses. It asserts that acknowledging cooling needs in the LIURP regulations is essential as part of comprehensive home efficiency and weatherization services. CAC Comments at 4-5.

Duquesne generally supports the proposed changes to § 58.14 but recommends clarifying the language in § 58.14(a)(3) to specify that EDC baseload jobs may address electric water heaters, while NGDC baseload jobs may address gas water heaters. Duquesne Comments at 15.

OCA recommends addressing cooling needs more specifically in the LIURP regulations. OCA recommends revising § 58.14 to allow for greater inter-utility coordination and cost sharing to address program measures for cooling and water heater needs. It avers that heat pump installation could be used to address both cooling and heating needs in homes with natural gas. OCA recommends allowing fuel switching if the installation of a ductless mini-split could provide more efficient heating and cooling for a household. OCA also proposes that the PUC consider establishing a cost-sharing mechanism between energy public utilities and water utilities to address the cost of replacing a water heater. As every water customer has electric service, OCA contends that water repairs should be incorporated into LIURP baseload measures. OCA Comments at 51-52.

TURN supports the proposal to include the repair of windows and exterior doors as essential program measures for space-heating customers and suggests that this inclusion could achieve greater energy savings and contribute to much-needed health and safety improvements. TURN highlights the impact of broken, inefficient, and poorly installed doors and windows on home heating and cooling efficiency, emphasizing that they are frequently overlooked by other home repair programs. TURN Comments at 8.

TURN supports including air conditioning installation as a potential program measure but recommends restructuring the description of program measures related to cooling. Specifically, TURN suggests separating these program measures from those applicable to baseload customers and creating a separate section listing program measures for cooling customers. This restructuring is proposed to underscore the significance of using LIURP to lower cooling costs, which improves the safety and comfort of low-income customers. TURN Comments at 14.

Stakeholder Reply Comments on § 58.14

In response to OCA's proposal to integrate water and wastewater assistance programs, EAP asserts that prioritizing LIURP with water/wastewater assistance programs may not immediately benefit ratepayers of energy public utilities. EAP notes that LIURP is primarily funded by EDC and NGDC ratepayers with the expected benefit of reducing energy usage. EAP submits that there are no direct benefits for energy public utility ratepayers based on a reduction of water or wastewater use. EAP asserts that the focus and priority of a public utility's LIURP should remain on reducing energy usage for the benefit of both the LIURP recipient and the ratepayers funding the program. EAP RC at 17, citing OCA Comments at 53.

EAP contends that LIURP should not be expanded to focus on warm weather or cooling needs. EAP submits that if the PUC chooses to address this issue, it should not be the primary purpose of LIURPs. EAP asserts that addressing customer heating needs, like window repair or replacement and energy conservation education, will also benefit customers in the summer by reducing year-round energy needs. EAP also notes NGDC LIURPs would have challenges addressing cooling needs, as natural gas is not commonly used for cooling. EAP submits that currently public utility LIURPs assess dwellings comprehensively, which includes addressing some cooling aspects as part of the overall energy usage evaluation. EAP RC at 19.

OCA strongly supports CAC's recommendation to revise § 58.14 to add space-cooling as a category for program measure installation. OCA RC at 80, citing CAC Comments at 5.

TURN does not support barring an ESP from fixing or replacing a water heater based on the fuel type used. In response to Duquesne's comments that a contractor in the home for electric baseload measures may not be qualified

to work on a gas hot water heater, TURN notes that the provision in § 58.14(a)(3) only permits water heater replacement and does not mandate specific program measures for any public utility's LIURP. TURN agrees that ESPs should not complete work outside their scope but asserts that this does not mandate a change to the regulation. TURN submits that ESPs must not be prohibited from fixing or replacing a water heater, regardless of fuel type. TURN asserts that a deteriorating or broken water heater can be a hazard and if it is capable of being repaired or replaced, an ESP should be allowed to do so. TURN RC at 9-10, citing Duquesne Comments at 15.

Disposition on § 58.14

First, we decline to adopt Duquesne's recommendation to specify in § 58.14(a)(3) that EDC baseload visits may address electric water heaters and NGDC baseload visits may address gas water heaters. We agree with TURN that § 58.14(a)(3) does not mandate but provides flexibility for both EDCs and NGDCs to repair or replace water heaters as a program measure.

Next, in response to stakeholder recommendations to specify cooling program measures in § 58.14, we note that program measures focused on cooling are included in the existing and proposed regulations. For example, the existing provision in § 58.14(a)(3) includes air conditioner replacements. Additionally, the final-form § 58.13a(4) provides that a public utility may install cooling program measures in appropriate circumstances. We also acknowledge TURN's assertion that using LIURP to lower cooling costs could improve the safety and comfort of low-income customers by reducing year-round energy needs. For these reasons, we have listed program measures for space-cooling customers in § 58.14(a)(1) as suggested by some stakeholders.

In response to IRRC's question regarding the responsibility of a public utility under § 58.14(d) to secure warranties for installed program measures, it is the public utility's responsibility to ensure ESP's obligations are being met. The public utility is responsible for establishing a contract with its ESPs that outlines the terms and conditions, including a minimum one-year workmanship warranty to repair or replace any items or parts required to correct noted defects in material or workmanship at the public utility's discretion.

Accordingly, we have revised final-form §§ 58.14(a) and 58.14(a)(1) as follows:

(a) [*Installation.*] Based on the results of the energy **[survey]** **audit** conducted under § 58.11 (relating to energy **[survey]** **audit**), a **[covered]** **public** utility shall install or arrange for the installation of **[the following]** applicable program measures designed to reduce **[energy]** **PUBLIC utility** bills, usage or demand for **[space heating]** **space-heating**, **SPACE-COOLING, [water heating]** **water-heating [~~and~~] OR** baseload end uses **which may include the following**:

(1) For residential **[space heating]** **space-heating OR SPACE-COOLING** customers, applicable program measures may include the installation of insulation, furnace replacement or furnace efficiency modifications, **[clock]** **programable** thermostats, infiltration measures designed to reduce the flow of air through the building envelope or the repair or replacement of chimneys, **windows, exterior doors**, **[~~and~~]** service lines**, AIR CONDITIONER INSTALLATIONS OR REPLACEMENTS OR EFFICIENCY IMPROVEMENTS AND OTHER MAJOR APPLIANCE REPLACEMENTS, RETROFITS OR EFFICIENCY IMPROVEMENTS**.

Section 58.14a. Quality control

In the 2023 NOPR, we proposed to add a new § 58.14a titled "Quality control" that incorporates language from the existing § 58.14(b), to establish quality control standards for the installation of program measures. We proposed §§ 58.14a(a) and 58.14a(c) to require a public utility to document in its USECP (1) the quality control standards used to evaluate the work of the ESP and the performance of the program measures; and (2) the procedures used for installing program measures and performing post-installation inspections. We noted that PPL supported addressing quality control in a USECP. PPL RC to 2016 Secretarial Letter at 9. 2023 NOPR Preamble at 81.

We proposed § 58.14a(b) to require post-installation inspections on at least 10% of completed heating jobs and at least 5% of completed baseload LIURP jobs. We explained that the proposed minimum percentage of post-installation inspections per job type is below or consistent with current PUC-approved public utility standards. We noted for example, that Columbia requires post-installation inspection on a minimum of 25% of heating jobs[91] and that PECO performs post-installation inspections on all heating jobs and 5% of all baseload jobs.[92] We noted that the proposed provision is consistent with DCED's WAP protocols that require agencies to inspect at least 5% of completed jobs.[93] 2023 NOPR Preamble at 81.

We explained that proposed § 58.14a(d) was consistent with DCED's WAP protocols that require an agency to develop a customer complaint process.[94] We also proposed § 58.14a(e)[95] consistent with DCED's WAP protocols that require post-installation inspections to be conducted by a Quality Control Inspector that had no involvement in the prior installation of program measures at the dwelling.[96] We explained that to ensure post-installation inspections are conducted impartially, a public utility would not be permitted to allow an ESP to conduct the post-installation inspection on its own work at a dwelling. 2023 NOPR Preamble at 81-82.

We noted that PPL permits its ESPs to conduct post-installation inspections if they did not perform the energy audit or install the program measures for the same job.[97] Duquesne contracts with a third-party ESP to perform independent post-installation inspections.[98] We proposed

[91] See Columbia Gas 2019—2021 USECP at 17.
[92] See PECO 2019—2024 USECP, Docket No. M-2018-3005795 (filed on August 18, 2022), at 14. PECO's 2019—2024 USECP may be effective through at least 2028, and PECO identifies it as the "2019—2028" USECP.
[93] DCED 2022-2023 DOE State Plan—Master File, at 21, 28. This policy is also consistent with DCED's most recent 2024-2025 DOE State Plan—Master File, at 25. https://dced.pa.gov/download/24-25-doe-state-plan-master-file/?wpdmdl=123692&refresh=.674f22337ad921733239347 (accessed on December 3, 2024).
[94] DCED 2022-2023 DOE State Plan—Master File at 8, 16. This policy is also consistent with DCED's most recent 2024-2025 DOE State Plan—Master File, at 8.
[95] The ESP can and should inspect its own work, but that inspection would not suffice as the required post-installation inspection.
[96] DCED 2022-2023 DOE State Plan—Master File at 21, 23. This policy is also consistent with DCED's most recent 2024-2025 DOE State Plan—Master File, at 25.
[97] See PPL 2017—2019 USECP, Docket No. M-2016-2554787 (filed on November 6, 2017), at 49.
[98] See Duquesne 2017—2019 USECP, Docket No. M-2016-2534323 (filed on March 12, 2018), at 24.

§ 58.14a(e) to require separation between the performance of the work and the inspection of the work. We clarified that this separation would provide greater assurance that a post-installation inspection does not overlook lapses in an ESP's installation work. 2023 NOPR Preamble at 82.

Further, we proposed § 58.14a(f)—(h) to build on the proposed § 58.14a(a)—(c) to establish requirements for post-installation inspections to validate that installed program measures are working properly as follows:

- Subsection 58.14a(f) [would require] a public utility to contact a LIURP recipient whose energy usage increase more than 10% within 12 months post-installation of program measures. A public utility would also be required, if appropriate, to schedule a post-installation inspection to ensure the installed program measures are working properly.

- Subsection 58.14a(g)(1)-(2) [would require] a public utility to mandate that an ESP documents its post-installation inspection results and its follow up program services, if provided.

- Subsection 58.14a(h) [would require] a public utility to retain quality control records for a minimum of four years or until its impact evaluation[77] is completed, whichever is later. This would include documentation and records related to post-installation inspection results, follow-up program services and ESP performance evaluations.

[77] Under 52 Pa. Code §§ 54.76 and 62.6, independent impact evaluations are due to the PUC every six years.

2023 NOPR Preamble at 82-83.

We explained that the proposed provisions in this section standardize requirements for performing quality control procedures, evaluating ESP performance and retention of quality control records. We pointed out that the existing provisions in Chapter 58 did not specify requirements for quality control procedures or record retention. Further, we noted that the quality control record retention requirements were consistent with Chapter 56 provisions that require public utilities to preserve written or recorded records related to disputes for a minimum of four years. 52 Pa. Code §§ 58.2, 56.202 (relating to record maintenance), and 56.432 (relating to record maintenance). 2023 NOPR Preamble at 83.

IRRC Comments on § 58.14a

IRRC requests that the PUC clarify the need for a separate complaint process under § 58.14a(d) beyond the complaint process already available to customers via other PUC regulations. IRRC also requests that the PUC identify the potential costs for public utilities and savings for customers related to the new requirement of post-installation activity proposed in § 58.14a(f). IRRC Comments at 8.

Stakeholder Comments on § 58.14a

CAUSE-PA, PPL, and TURN generally support the proposed § 58.14a. CAUSE-PA supports the proposed enhancements to quality control standards for ESPs and performance measures. PPL notes its LIURP practices are already compliant with this proposed section. TURN states these provisions will help ensure the suitability of program measures by reinforcing quality control measures and mandating inspections. TURN states that the proposal aims to increase the possibilities of program measures leading to actual energy savings and promoting health and safety for customers. CAUSE-PA Comments at 64-65; PPL Comments at 16; TURN Comments at 12.

CAUSE-PA asserts that § 58.14a lacks sufficient detail to ensure consistent application of quality control provisions across public utility service territories. CAUSE-PA recommends that the PUC establish detailed statewide technical standards for quality control, such as through the adoption of a policy statement, technical manual, or using a statewide quality control contractor. CAUSE-PA Comments at 64-65.

§ 58.14a(b)

PGW opposes the proposed criteria for determining what percentage of LIURP jobs to inspect post-installation. Specifically, PGW asserts that distinguishing between heat, water-heat, and baseload jobs is not an effective approach. PGW reports it inspects 10% of comprehensive jobs and 5% of "limited" jobs, where only an energy audit and certain direct-install program measures are conducted. PGW Comments at 10-11. PGW recommends amending proposed § 58.14a(b) to read:

> (b) A public utility shall schedule post-installation inspections on a minimum of 10% of completed full cost space-heating **[** ~~**and water-heating jobs**~~ **]** and a minimum of 5% **FOR JOBS THAT ARE EITHER BASELOAD, WATER HEATING, OR JOBS IN WHICH LIMITED MEASURES WERE PERFORMED ONLY AT THE INITIAL ENERGY ASSESSMENT** for each ESP performing such program measures.

PGW Comments at 11.

§ 58.14a(d)

EAP, PECO, and NFG oppose the proposed provision at § 58.14a(d) that would require public utilities to establish a separate process for customers to file complaints about LIURP work performed by an ESP. PECO asserts that a specialized complaint process is not necessary because customers can already file a complaint with the PUC and public utilities. EAP and NFG state that public utilities already have established channels for customers and contractors to address issues and resolve problems, along with conducting satisfaction surveys. EAP, PECO, and NFG recommend replacing this provision with a requirement for public utilities to provide LIURP participants with information on how to file a complaint. EAP Comments at 22; PECO Comments at 8; NFG Comments at 9.

CAUSE-PA and TURN support requiring public utilities to establish a LIURP complaint process. CAUSE-PA asserts that because program services are provided in the home, it exposes consumers to unique risks, and it is important to have a clear path to resolve issues without delay. TURN states that such a complaint process is necessary to provide customers with a platform to address poor-quality repairs or negative program experiences related to work performed by an ESP. TURN Comments at 12.

§ 58.14a(f)

Duquesne recommends that the post-installation inspection requirements in § 58.14a(f) be limited to electric heating customers rather than electric baseload customers. Duquesne asserts that baseload measures often focus on energy behavioral changes, while the proposed requirement for customer contact or follow-up inspections is

more suitable for heating customers who have received more comprehensive measures. Duquesne Comments at 15-16.

EAP, PECO, and NFG assert that requiring post-installation inspections for LIURP recipients whose usage increases may be costly and not necessarily lead to usage reduction. PECO suggests that LIURP funds are better directed towards installation of program measures for new LIURP participants rather than post-installation inspections. If this provision is maintained, EAP and NFG recommend establishing a higher usage threshold increase to trigger post-installation inspections and implement a less costly outreach method. EAP Comments at 22; PECO Comments at 8-9; NFG Comments at 9.

Stakeholder Reply Comments on § 58.14a

OCA disagrees with Duquesne's proposal to limit post-installation inspections to LIURP heating jobs only, noting that Duquesne has not provided any basis for excluding baseload jobs. OCA maintains that the PUC should require post-installation inspections for baseload measures. OCA RC at 81, citing Duquesne Comments at 15-16.

TURN reiterates its support for the proposed inclusion of § 58.14a(d) that would require public utilities to establish a customer complaint process for LIURP. TURN submits that a specific complaint process for LIURP does not currently exist, and this proposed provision would fill this gap and does not preclude public utilities from using their existing complaint channels to address LIURP issues. In response to PECO's and EAP's concerns with the cost effectiveness of conducting post-installation inspections 12 months after receipt of LIURP, TURN asserts that the proposed regulation will appropriately address situations where poor quality installation causes energy usage to increase. TURN RC at 11-12, citing PECO Comments at 8-9 and EAP Comments at 22.

Disposition on § 58.14a

Regarding CAUSE-PA's concerns that § 58.14a lacks sufficient detail to ensure consistent application of quality control provisions across public utilities, we note that the proposed provisions make it clear that public utilities are required to establish, maintain, and identify quality control standards and procedures in their USECPs, subject to stakeholder review and PUC approval. We also note that the proposed provisions are intended to set a uniform approach while allowing public utilities flexibility to establish their policy and procedures in a manner that is applicable to their operations. Accordingly, we are not persuaded to develop statewide technical standards for quality control as suggested by CAUSE-PA.

In response to the concerns raised by PGW, we are persuaded that post-installation inspections should be limited to LIURP jobs where program measures are installed. Therefore, we have incorporated PGW's recommendation with modifications. Accordingly, we have revised final-form § 58.14a(b) as follows:

(b) A public utility shall schedule post-installation inspections on a minimum of 10% of completed full cost space-heating [~~and water-heating~~] LIURP jobs and ON a minimum of 5% [~~of baseload~~] FOR OTHER LIURP jobs WHERE PROGRAM MEASURES ARE INSTALLED for each ESP [~~performing such program measures~~].

Regarding the concerns raised by stakeholders and IRRC about the requirements proposed in § 58.14a(d), the provision does not dictate the type of complaint process a public utility must have in place. Rather, it requires that a public utility have a process in place for customers to articulate complaints on the quality of work or service performed by an ESP if it does not already have one in place. We note that some stakeholders have indicated that public utilities already have existing complaint processes in place for resolving LIURP issues, which would satisfy the provision requirement. We also acknowledge that a customer has the option to file an informal complaint with the PUC's BCS or a formal complaint with OALJ if the customer cannot resolve an issue with the public utility. However, informal and formal complaints should not be the only processes available to a customer to file a complaint about a LIURP job. We agree with CAUSE-PA and TURN that it is important for a customer to have a clear path to resolve LIURP issues with the public utility and that the proposed provision will fill a gap for a customer if a public utility does not already have a process established for a customer to articulate a LIURP complaint. With this intention in mind, we are not persuaded to revise § 58.14a(d).

Further, considering the stakeholders' recommendations to establish a usage threshold higher than 10%, we agree and have revised final-form § 58.14a(f) to increase the usage threshold to 15%. Also taking into consideration the other concerns raised by stakeholders on the proposed requirements in § 58.14a(f), we clarify that it is the responsibility of a public utility to determine if a follow-up inspection is necessary after considering the circumstances that caused an increase in usage post-installation of program measures.

Accordingly, we have revised final-form § 58.14a(f) as follows:

(f) When energy usage by a recipient of program measures increases by more than [~~10%~~] 15% within the first 12 months post-installation, the public utility shall contact the recipient to determine the reason for increase in energy usage. [~~If the public utility cannot substantiate the reason for the increase in energy usage, the public utility shall schedule a follow-up inspection to confirm the program measures are working properly~~] THE PUBLIC UTILITY SHALL DETERMINE WHETHER TO SCHEDULE A FOLLOW-UP INSPECTION TO CONFIRM THE PROGRAM MEASURES ARE WORKING PROPERLY.

Section 58.14b. Use of an ESP for program services

In the 2023 NOPR, we proposed to add a new § 58.14b titled "Use of an ESP for program services" that would establish the use of an ESP to perform program services for a public utility LIURP. We noted that a public utility must use qualified ESPs and defined a qualified ESP as one that has, inter alia, demonstrated experience and effectiveness in the provision of energy efficiency and usage reduction services. We proposed to move language from § 58.7(c) and incorporate it into this new section to provide greater clarification to a public utility on the selection of qualified ESPs. 2023 NOPR Preamble at 83-84.

We proposed § 58.14b(a) to require a public utility to select outsourced ESPs through a competitive bid process.

We further proposed minimum qualifications for ESPs at §§ 58.14b(b)(1)—(4). We explained that this proposed provision would require ESPs to have obtained certification in program-related services, to carry appropriate insurance, and to provide a minimum of one-year warranty covering workmanship and materials. 2023 NOPR Preamble at 84.

We proposed § 58.14b(c) to require a public utility to contract with more than one ESP, if applicable, and to file and serve a justification if selection is limited to one ESP. Furthermore, we proposed § 58.14b(d) to allow a public utility to prioritize contracts with CBOs that meet its ESP qualifications. We explained that this proposal is consistent with the requirements of 66 Pa.C.S. §§ 2804(9) and 2203(8) that mandate the PUC to encourage the use of CBOs that have the necessary technical and administrative experience to be the direct providers of services or programs which reduce energy consumption. 2023 NOPR Preamble at 84.

Moreover, we noted that Chapter 58 does not currently specify work quality standards, nor require a public utility to establish or verify credentials for contractors. We expressed that the proposed ESPs requirements would allow LIURPs to align with other weatherization programs in Pennsylvania that are moving toward higher standards and more consistent work quality and protocols.[99] 2023 NOPR Preamble at 84.

IRRC Comments on § 58.14b

IRRC notes that proposed § 58.14b(c) permits a public utility to outsource program services to a single ESP under certain circumstances. IRRC requests that the PUC clarify how this provision will work with other provisions of the regulation that require separate entities to perform audits and inspections of work performed. IRRC Comments at 9.

Stakeholder Comments on § 58.14b

PPL supports the addition of proposed § 58.14b. PPL notes that it requires ESPs to have Building Performance Association (BPA) certifications and uphold service level agreements. PPL states that it evaluates current contractors on an annual basis to ensure quality performance. PPL Comments at 16-17.

Duquesne, PECO, PA-CLEEC, CAUSE-PA, and EAP propose amendments to § 58.14b. Duquesne asserts that the rationale behind the proposed requirement at § 58.14b(c) is unclear. Duquesne contends that efficiency and cost reduction can be achieved through use of a single ESP, with competitive procurement practices ensuring the best overall value. Duquesne also notes that a single ESP may use multiple subcontractors as part of program implementation within a service territory. Duquesne Comments at 16.

Duquesne does not oppose § 58.14b(d) that would allow public utilities to prioritize contracts with CBOs that meet its ESP qualifications. However, Duquesne opposes making this a requirement, asserting that CBOs may not be interested in partnering with the public utility in LIURP implementation due to issues including staffing, budget constraints, and other priorities. Duquesne Comments at 16.

PECO opposes the proposed provision in § 58.14b(c) that would require public utilities to contract with multiple ESPs, if possible, and provide justification if using one ESP. PECO contends that this provision is likely to increase costs while not improving customer experience. PECO notes that public utilities are already required to use a competitive process to select providers, and the PUC has proposed minimum ESP qualifications. PECO asserts the PUC should not additionally require justification if a single ESP is selected. PECO Comments at 9.

PA-CLEEC recommends amending proposed § 58.14b(b) to include the following Request for Proposal (RFP) process between the proposed § 58.14b(a) and the proposed § 58.14b(b),[100] which would in turn require renumbering the proposed §§ 58.14b(b)—(d) to (c)—(e):

(B) A PUBLIC UTILITY'S USE OF A COMPETITIVE BIDDING PROCESS ASSOCIATED WITH THE USE OR RETENTION OF ANY ESPS SHALL BE SUBJECT TO THE FOLLOWING REQUIREMENTS:

(1) A PUBLIC UTILITY SHALL INCLUDE IN AND WITH ANY USECP FILING OR ANY PETITION FILED UNDER SECTION [ ] OF THESE REGULATIONS TO OBTAIN COMMISSION APPROVAL OF ANY RECOMMENDATION APPROVING A MATERIAL MODIFICATION OF AN EXISTING LIURP BUDGET OR LIURP BY THE PRESIDING ADMINISTRATIVE LAW JUDGE IN A PUBLIC UTILITY'S GENERAL RATE PROCEEDING, A COPY OF ITS PROPOSED RFP.

(2) A PUBLIC UTILITY SHALL INCLUDE IN AND WITH ANY USECP FILING OR ANY PETITION FILED UNDER SECTION [ ] OF THESE REGULATIONS TO OBTAIN COMMISSION APPROVAL OF ANY RECOMMENDATION APPROVING A MATERIAL MODIFICATION OF AN EXISTING LIURP BUDGET OR LIURP BY THE PRESIDING ADMINISTRATIVE LAW JUDGE IN A PUBLIC UTILITY'S GENERAL RATE PROCEEDING, A LIST OF ANY MODIFICATIONS TO A PREVIOUSLY APPROVED RFP ALONG WITH DETAILED DESCRIPTIONS OF AND JUSTIFICATIONS FOR THE PROPOSED MODIFICATIONS IN THE NEWLY PROPOSED RFP.

(3) NO PORTIONS OF ANY RFP FILED WITH THE COMMISSION UNDER THIS SECTION OR ANY DETAILED DESCRIPTIONS OF AND JUSTIFICATION FOR ANY PROPOSED MODIFICATIONS TO A PREVIOUSLY APPROVED RFP SHALL BE DECLARED CONFIDENTIAL, HIGHLY CONFIDENTIAL, PROPRIETARY OR OTHERWISE PREVENTED FROM PUBLIC DISCLOSURE, SUBJECT TO THE CONFIDENTIAL REQUIREMENTS ASSOCIATED WITH INFRASTRUCTURE CONFIDENTIAL SECURITY INFORMATION AND CYBER-SECURITY.

PA-CLEEC Comments at 10.

[99] For example, DCED's WAP program implemented the Department of Energy's Standard Work Specifications (SWS) new requirements for Quality Control Inspections on July 1, 2015. DCED 2022-2023 DOE State Plan—Master File at 20—23. This policy is also consistent with DCED's most recent 2024-2025 DOE State Plan—Master File at 25.

[100] PA-CLEEC also recommends defining "RFP" as follows:
REQUEST FOR PROPOSAL ("RFP")—ALL DOCUMENTS, PROTOCOLS, CRITERIA, GUIDELINES, EVALUATIONS, RANKINGS, AND OTHER ITEMS ISSUED BY THE PUBLIC UTILITY IN CONNECTION WITH ITS SOLICITATION OF PROVIDERS FOR ANY AND ALL SERVICES ASSOCIATED WITH ITS USECP AND INTENDED TO BE USED IN ITS COMPETITIVE BIDDING PROCESS FOR THE SELECTION AND PERFORMANCE RATING OF ESPS.
PA CLEEC Comments at 10. In our disposition of § 58.2, above, we rejected that suggestion.

PA-CLEEC asserts that a public utility's RFP should be public information and stakeholder concerns with a public utility's proposed RFP should be addressed transparently through the informal USECP review process. PA-CLEEC contends that requiring a proposed RFP to be subject for review in a public utility's USECP proceeding provides public utilities with flexibility to adjust RFPs, delivers transparency in the LIURP RFP process, and allows the PUC to exercise its role of regulating how public utilities implement its USECP through third parties. PA-CLEEC Comments at 9—12.

CAUSE-PA submits that the proposed language in § 58.14b(d) stating that a public utility "may" prioritize contracting with CBOs does not fulfill the PUC's statutory mandate to actively encourage the use of CBOs in the delivery of LIURP. CAUSE-PA states that CBOs are important to the implementation and reach of LIURPs and expressed concern that reliance on fewer CBOs could have a negative effect on LIURP enrollment and coordination of delivery of weatherization and efficiency programming. CAUSE-PA Comments at 57-58, citing 66 Pa.C.S. §§ 2804(9) and 2203(8).

CAUSE-PA expressed further concern that limiting the use of CBOs may result in inequitable distribution of services leaving several communities without local ESPs. CAUSE-PA notes that proposed § 58.14b(c) attempts to mitigate this limitation by requiring public utilities to contract with multiple ESPs and providing justification if the selection is limited to one ESP. CAUSE-PA asserts that failure to adequately prioritize the use of CBOs undermines efforts to streamline and coordinate energy assistance and other needs-based programming. CAUSE-PA Comments at 58-59.

CAUSE-PA and EJA recommend the PUC modify the proposed language to require public utilities to prioritize contracts with CBOs that meet its ESP qualifications. CAUSE-PA Comments at 57—59; EJA Comments at 6-7.

CAUSE-PA suggests the following revision to the proposed § 58.14b(d):

(d) A public utility [~~may~~] SHALL prioritize contracting with CBOs that meet its ESP qualifications.

CAUSE-PA Comments at 59.

Consistent with its comments to § 58.11(c), EAP and NFG note that there may be cases where only one ESP is available in a service territory. EAP Comments at 23; NFG Comments at 9.

Stakeholder Reply Comments on § 58.14b

PECO, PPL, and Peoples oppose PA CLEEC's recommendations regarding the RFP process. PECO RC at 9; PPL RC at 11; Peoples Letter in Lieu of RC at 1. PECO claims PA-CLEEC's proposal would interfere with public utility managerial discretion. PECO notes it currently uses a competitive bidding process to select ESPs and the PUC has proposed minimum ESP qualifications. PECO asserts that the PUC should not additionally require a public utility to provide RFP documents for approval, justify RFP changes, or engage in bidder communications or dispute resolution. PECO recommends that public utilities should be allowed to continue implementing their own competitive bidding processes to select qualified ESPs. PECO RC at 9, citing PA CLEEC Comments at 4, 9-10.

PPL supports the proposed language in § 58.14b(d), stating that there is no statutory mandate for public utilities to use CBOs to implement their programs, including LIURP. PPL notes the Public Utility Code directs the PUC to encourage, not mandate, the use of CBOs with the necessary technical and administrative experience to provide program services. PPL asserts that this obligation aligns with proposed § 58.14b(d), which would allow public utilities to prioritize, when appropriate, the use of CBOs that meet ESP qualifications. Further, PPL contends that public utilities should not be required to prioritize the use of CBOs over other contractors if CBOs are underperforming or not meeting their duties in a cost-effective manner. PPL RC at 10, citing 66 Pa.C.S. § 2804(9).

PPL opposes PA-CLEEC's recommendation to modify § 58.14b(b) to incorporate public utility requirements related to the competitive bidding processes for selecting ESPs, including submitting and justifying proposed RFPs and making these submissions public information. PPL notes the Public Utility Code does not require public utilities or the PUC to establish such a process. PPL asserts that public utilities are responsible for administering and implementing USECPs and as such should have discretion over how they conduct their RFP processes. PPL RC at 11, citing PA-CLEEC Comments at 10—12.

Peoples does not support limiting ESPs to CBOs, noting that it currently uses a non-CBO vendor due to a lack of available and qualified CBO vendors in its service territory. Peoples asserts that a public utility should be given the flexibility to select ESPs based on their qualifications, costs, and ability to provide services within its service territory. Peoples Letter in Lieu of RC at 1.

CAUSE-PA addresses EAP's assertions regarding a limited pool of qualified contractors by reiterating its support of including workforce training as a permissible administrative cost for LIURP. CAUSE-PA asserts that increased weatherization training will help increase the pool of qualified contractors allowing the programs to scale up to meet the statewide need for energy reduction services. CAUSE-PA reaffirms its recommendation that public utilities should be required to prioritize the use of CBOs in the application of LIURP. CAUSE-PA reasserts its emphasis on the need to coordinate resources and use of CBOs, noting that CBOs know the communities, programs, and work and are best suited to provide "wraparound" services by addressing a variety of intersecting issues. CAUSE-PA RC at 13-14, citing EAP Comments at 8.

CEO & PAWPTF support CAUSE-PA's recommendation that the PUC prioritize CBOs for public utility ESPs. CEO & PAWPTF agree with CAUSE-PA that proposed amendments to the regulations undervalue the role of CBOs, noting that undervaluing CBOs would violate the statutory mandate that the PUC must encourage the use of CBOs to be the direct providers of program services. CEO & PAWPTF RC at 2, citing CAUSE-PA Comments at 18, 57—59, and 60.

Disposition on § 58.14b

We acknowledge IRRC's concerns regarding how the provisions proposed in § 58.14b, that allow a public utility to use one ESP, with justification, may conflict with the proposed provision in § 58.11 that would require separate ESPs to perform the energy audit and installation of program measures of a LIURP job. We agree that these proposed provisions conflict. We have addressed this

conflict by eliminating the provision in final-form § 58.11 that would have required the use of separate ESPs to perform the energy audit and installation of program measures in a LIURP job. We note, however, that proposed § 58.14a(e) prohibits a public utility from using the same ESP that installs program measures in a dwelling to conduct the post-installation inspection of those program measures.

Regarding PA-CLEEC's recommendation to modify § 58.14b to include an evaluation of the RFP process in USECP proceedings, we decline to adopt this proposal. As noted by other stakeholders, the Public Utility Code does not direct the PUC to review or regulate the selection process for universal service program administrators beyond encouraging the use of qualified CBOs. We further note that the existing provision in § 58.7(c) requires public utilities to select qualified ESPs and we have proposed additional minimum requirements for ESP qualifications in this rulemaking. Accordingly, we decline to incorporate an RFP evaluation process as part of USECP proceedings, as suggested by PA-CLEEC.

We acknowledge the concerns raised by many stakeholders opposing the inclusion of § 58.14b(c). We also acknowledge that there may be circumstances where only one qualified ESP is available in a service territory and agree with Duquesne that a single ESP may use multiple subcontractors and achieve quality work. However, we share the same concerns as CAUSE-PA that there may be circumstances where lack of ESP coverage in a public utility service territory could result in inequitable distribution of program services. For example, when PPL recently reduced the number of ESPs operating in its service territory, the PUC directed the public utility to track LIURP jobs completed in each county to ensure there is not a corresponding reduction in program services provided in individual PPL territories based on customer eligibility and priority for LIURP.[101] The intention of § 58.14b(c) is to ensure the needs of a public utility's service territory are being met by requiring public utilities to provide justification if selection is limited to one ESP. Accordingly, we decline to revise § 58.14b(c) in the final-form regulation.

Regarding proposed § 58.14b(d), we agree with the stakeholders that commented on the significance of using qualified CBOs to deliver program services. As proposed, § 58.14b(d) allows but does not mandate a public utility to prioritize contracts with qualified CBOs. This properly aligns with 66 Pa.C.S. §§ 2203(8) and 2804(9) which require the PUC to encourage the use of qualified CBOs. Accordingly, we decline to revise § 58.14b(d) in the final-form regulation.

Section 58.14c. Inter-utility coordination

In the 2023 NOPR, we proposed to add a new § 58.14c titled "Inter-utility coordination" that incorporated modified language moved from existing § 58.14(c). 2023 NOPR Preamble at 84.

We explained that the proposed § 58.14c(a) would require that a public utility pursue opportunities to coordinate its program services, trainings, outreach, and resources with other public utility LIURPs and assistance programs. We noted that our proposal was consistent with the comments of PPL, which supported the opportunity for inter-utility and coordinated training. PPL Comments to 2016 Secretarial Letter at 5. 2023 NOPR Preamble at 85.

We proposed in § 58.14c(b) that a single energy audit and post-installation inspection would be coordinated when two public utilities are providing program services. We noted that we have encouraged public utilities working on the same dwelling to use a single, coordinated, or combined energy audit and/or post-installation inspection, when appropriate.[102] 2023 NOPR Preamble at 85.

We explained that proposed language in § 58.14c(c) outlines the obligation for costs and installation of program measures between coordinating public utilities. We noted that § 58.14c(d) would allow a public utility to use up to 1% of its total LIURP budget on costs associated with inter-utility trainings, coordinated trainings, or outreach, or a combination of these efforts. 2023 NOPR Preamble at 85.

We explained that coordinating program services and costs between public utilities and assistance programs can and often does result in cost savings and the ability to install more energy efficiency measures which can lead to deeper savings. We reiterated that relative to other sections, OCA also supported strengthening coordination to maximize the cost-effectiveness of LIURPs. OCA Comments to 2016 Secretarial Letter at 23; 2023 NOPR Preamble at 85.

IRRC Comments on § 58.14c

IRRC requests that the PUC address whether the costs associated with inter-utility training in § 58.14c(d) would fall under the definition of "administrative costs" in § 58.2. IRRC Comments at 9.

Stakeholder Comments on § 58.14c

Duquesne does not oppose the proposed changes to § 58.14c. EAP, PPL, and NFG support the inter-utility coordination provisions proposed in § 58.14c. Duquesne Comments at 16; EAP Comments at 23; PPL Comments at 17; NFG Comments at 9.

CAUSE-PA supports § 58.14c(d), asserting this proposed provision will help to leverage energy efficiency workforce development resources and improve coordination across public utility, State and Federal efficiency and weatherization programs. CAUSE-PA requests the PUC clarify that costs associated with inter-utility trainings, coordinated trainings, and outreach should be counted against the 15% cap on administrative costs set in § 58.5. CAUSE-PA also recommends that the PUC ensure LIURP administrative funds spent on contractor training are coordinated with WAP provider training. CAUSE-PA Comments at 16 and 50.

OCA strongly supports the use of a coordinated whole house approach to LIURP and suggests that the integration of water and wastewater affordability programs and energy programs also be included. It asserts that water and wastewater affordability programs have continued to evolve and develop since the 2016 Secretarial Letter and that the conservation elements of these programs should be coordinated with the electric and natural gas LIURPs. OCA Comments at 53.

Stakeholder Reply Comments § 58.14c

EAP disagrees with CAUSE-PA's recommendation that the PUC "ensure" any administrative funds used for

[101] See PPL 2023—2027 USECP, Docket No. M-2022-3031727 (Order entered on February 9, 2023) at 87—95.

[102] See, e.g., FirstEnergy PA 2015—2018 USECP, Docket Nos. M-2014-2407729, M-2014-2407730, M-2014-2407731, and M-2014-2407728 (Order entered on May 19, 2015), at 51—53.

contractor training are coordinated with WAP training. EAP submits that such a broad requirement for all training funds would be an unreasonable limit and that such coordination should be encouraged, not required. EAP asserts that training programs are tailored to enhance knowledge and skills and that while WAP and LIURPs offer similar services, the training requirements vary between programs. EAP RC at 10, citing CAUSE-PA at 16.

OCA supports CAUSE-PA's recommendation that the 15% cap should apply to LIURP administration, inter-utility training, and LIURP pilot program administration costs. OCA RC at 43-44, citing CAUSE-PA Comments at 49-50.

Disposition on § 58.14c

IRRC questions how the costs will be accounted. CAUSE-PA expresses concern regarding the costs associated with the 1% threshold in § 58.14c(d). We clarify that costs related to inter-public utility trainings, coordinated trainings, and outreach are administrative expenses counted toward the 15% cap on LIURP administrative costs set in § 58.5. Accordingly, we have revised final-form § 58.14c(d) as follows:

(d) Costs associated with inter-PUBLIC utility trainings and coordinated trainings or outreach SHALL BE COUNTED AS ADMINISTRATIVE COSTS AND may not exceed 1% of the public utility's total LIURP budget, annually.

In response to CAUSE-PA's recommendation to require public utilities to coordinate trainings with WAP, we agree with EAP that such coordination should be conducted, when possible and appropriate, but not be required. We clarify that § 58.14c does not mandate coordination but requires public utilities to pursue coordination opportunities.

As it pertains to the stakeholders' recommendations to integrate water and wastewater affordability programs into § 58.14c, we note that § 58.13a(b) allows public utilities to coordinate pilot program related services with other community resources, which could include coordinating conservation elements of water or wastewater utility programs. While we decline to specifically address the integration of water and wastewater utilities in this section, we have revised final-form § 58.14c(a) to clarify that coordination with other entities may include conservation offerings as follows:

(a) A public utility shall pursue coordination of its program-related services, trainings, outreach and resources with other public [utilities] UTILITIES' LIURPs and with other CONSERVATION PROGRAMS OR energy assistance programs.

Section 58.15. Program Evaluation and Final-form § 58.15a. LIURP reporting and evaluation[103]

In the 2023 NOPR, we explained that the goal of amending § 58.15 was to create equal and uniform reporting standards for all public utilities. We noted that the proposals build upon the LIURP reporting requirements in §§ 54.75 and 62.5. We clarified that the proposed amendments were not intended to restrict a public utility's ability to provide additional data or to restrict the PUC from requesting additional information if necessary. 2023 NOPR Preamble at 86.

We proposed to retitle this section as "LIURP reporting and evaluation" (currently "program evaluation") to more accurately reflect its content. We also proposed to update the terms in this section consistent with the proposed definitions in § 58.2, including replacing "program" with "LIURP" when appropriate. 2023 NOPR Preamble at 86.

We explained that the proposed amendments to § 58.15 set forth the requirement for public utilities to compile and report LIURP data and evaluation findings to the PUC on an annual basis, including the annual LIURP data required by annual residential collection and universal service and energy conservation program reporting requirements in Chapters 54 and 62. We clarified that we proposed to clarify these requirements by associating specific dates with each reporting requirement, in the proposed § 58.15(1)—(4) to state the requirements for each data set. 2023 NOPR Preamble at 86.

As we mentioned above, consistent with §§ 54.75 and 54.75(2)(ii)(A)(I-II) (relating to annual residential collection and universal service and energy conservation program reporting requirements) and §§ 62.5(a) and 62.5(a)(2)(ii)(A)(I-II) (relating to annual residential collection and universal service and energy conservation program reporting requirements), we proposed § 58.15(1) to require a public utility to report actual LIURP production and spending data for the recently completed program year and projections for the current program year by February 28. We proposed § 58.15(2) to require a public utility to report universal service program data by April 1. We proposed § 58.15(3) and (4) to require a public utility to report statistical and evaluation and analysis LIURP data by April 30 each year, consistent with the existing regulations under §§ 54.75(2)(ii)(A)(I) and 62.5(2)(ii)(A)(I) that require a public utility to report LIURP data by April 30 annually. 2023 NOPR Preamble at 87.

We proposed § 58.15(3)(i) to require a public utility to compile and report the number of LIURP jobs including the number and type of dwelling, the number of each job type completed, the number of fuel-switching jobs, the number of deferred dwellings, the number of previously deferred dwellings that received program services during the program year, the number of inter-utility coordinated LIURP jobs and the number of LIURP jobs coordinated with other weatherization programs. We explained that it is unclear how many dwellings are disqualified for LIURP annually because of major health or safety issues that are currently outside the scope of LIURP and that the proposed amendment would help to identify the need for addressing health and safety barriers within LIURP. We noted that this proposal was consistent with OCA's recommendation that the regulation be amended to require a public utility to record the number of dwelling units disqualified from LIURP and the circumstances surrounding that disqualification. 2023 NOPR Preamble at 87-88, citing OCA Comments 2016 Secretarial Letter at 29.

We further proposed in § 58.15(3)(ii)—(iv) to require a public utility to report specific costs associated with LIURP (i.e., administrative, inter-utility training, coordinated training and outreach, health and safety, incidental

[103] After the close of the public comment period and the receipt of IRRC's Comments, the PUC and LRB determined that the changes proposed in the 2023 NOPR for § 58.15 need to be implemented by reserving the existing § 58.15 and promulgating a new § 58.15a in the final-form regulation. The summary of proposed changes and of public comments and IRRC's Comments will be cited as references to § 58.15, and the disposition will be to final-form § 58.15a.

repairs, special needs customers, energy conservation education), the overall percentage of energy savings and energy savings by job type, and the total number of CAP households and special needs households served by LIURP. 2023 NOPR Preamble at 88.

We proposed to incorporate uniform reporting requirements for proposed LIURP pilot programs in § 58.15(3)(v), which expanded upon § 58.13a (relating to LIURP pilot programs). We proposed to incorporate provisions to report the budget and actual spending for each pilot program, the number of jobs completed, the duration of the pilot, and the pilot program's results and measures. We explained that the existing provisions in Chapter 58 did not provide requirements to assist public utilities in reporting pilot program data. 2023 NOPR Preamble at 88.

We proposed § 58.15(3)(vi) to require a public utility to provide an explanation if the public utility underspent its annual LIURP budget by more than 10%. We explained that this proposal was intended to identify potential trends in LIURP performance or spending that should be addressed before a public utility's next scheduled USECP proceeding. We noted that underspending may indicate a need for the public utility to contract with additional ESPs or that the annual budget is not in alignment with the current needs of customers in its service territory. 2023 NOPR Preamble at 88.

Lastly, as we mentioned above, the proposed §§ 58.15(4)(i)—(v) requires a public utility to report LIURP evaluation data and analysis to the PUC annually by April 30, in compliance with the reporting requirements provided electronically by BCS, and incorporate modified language removed from the existing § 58.15(2), including additional language requiring data related to household demographics. 2023 NOPR Preamble at 89.

IRRC Comments on § 58.15

IRRC requests the PUC identify the following:

• Will the data collected under § 58.15 assist the PUC in its administration of LIURP?

• Whether the suggestions made by the advocates regarding additional data collection will assist the PUC in its administration of LIURP and ultimately assist LIURP recipients?

• Will there be a timeline for public utilities to collect and report newly proposed data?

IRRC notes that specific cost and saving estimates related to this provision must be included in the Regulatory Analysis Form (RAF) submitted with the final-form regulation. IRRC Comments at 9.

Stakeholder Comments on § 58.15

Section 58.15 contained a list of items rather than subsections. We have summarized the general stakeholder comments regarding § 58.15 as a whole and separately summarized the comments regarding some of individual items in the list in § 58.15. We will, however, address the disposition of final-form § 58.15a as a whole.

§ 58.15 in general

CAUSE-PA generally supports the proposed amendments to § 58.15 but requests further revisions. CAUSE-PA recommends requiring public utilities to track and report on the costs related to terminations, collections, and incurred uncollectible expenses for (1) high-usage customers; (2) high-usage confirmed low-income customers; (3) high-usage customers enrolled in CAPs; and (4) LIURP recipients. CAUSE-PA asserts this data will determine whether LIURP is helping to reduce termination rates and related collection costs. CAUSE-PA Comments at 75.

CAUSE-PA further recommends that § 58.15 require public utilities to report the number of dwellings disqualified for LIURP based on the reason for disqualification. CAUSE-PA contends that pairing the number of LIURP disqualifications with the reason will provide insight into program barriers, including whether public utilities need to allocate more funds to health and safety or incidental repair measures and improve coordination with other weatherization programs. CAUSE-PA Comments at 75-76.

EAP and NFG support the proposed changes to the LIURP reporting requirements that align the regulation with current practices. EAP and NFG recommend that the PUC provide an implementation timeline of at least two years following the finalization of the regulations for public utilities to report data on deferred LIURP jobs. EAP notes that public utilities do not currently collect this data routinely and highlights the need for additional definitions for these metrics to ensure the data and reporting are valuable. EAP asserts that recording and tracking this additional information will entail expenses for public utilities and urges the PUC to outline the purpose behind collecting this additional information and how it might enhance program delivery. EAP Comments at 23; NFG Comments at 10.

OCA supports the proposed reporting and evaluation provisions but recommends requiring zip code level reporting to provide greater detail about LIURP penetration. Specifically, OCA recommends modifying § 58.15(3) to require zip code data reporting on the following points: (1) number of LIURP jobs; (2) number of walk-aways due to health and safety; (3) number of walk-aways due to housing conditions; (4) the measures installed; (5) the spending (in dollars); (6) the bill savings (in units of energy, kWh, CCF); and (7) bill reductions (in dollars). OCA further recommends that the PUC establish LIURP and CAP working groups to report on a proposed set of outcome reporting metrics to be integrated into the regulations. OCA Comments at 54, Appendix A at 7.

OCA also recommends the inclusion of a regulation to implement a method of tracking the impact of program services on cost reductions for CAPs and uncollectible expenses. OCA submits that the LIURP regulations should: (1) more directly recognize the objective of helping to control the costs of CAP credits chargeable to nonparticipants; (2) require public utilities to propose a mechanism in their USECPs to provide an accounting for the value of the reduced CAP credits in an analysis of the cost-effectiveness of the programs themselves; and (3) more directly recognize the reduction in public utility operating costs as arrears are reduced.

OCA recommends the PUC (1) direct a uniform methodology for calculating these costs through stakeholder or working group input; or (2) require public utilities to include proposed methodologies in their USECPs; or (3) do both. OCA Comments at 61-62 and fn 24 at 62.

TURN supports greater specificity in LIURP reporting and asserts that collecting more detailed information will facilitate accurate program evaluation and allow the PUC to assess what public utilities are doing more quicky. It

recommends the PUC require each public utility to file these reports at its most recent USECP docket. TURN further recommends requiring public utilities to include the count of jobs coordinated with home repair, energy assistance, weatherization, and efficiency programs that are not utility-sponsored. It asserts that coordination across all available programs enhances the customer experience which ensures a more continuous process that maximizes the cost-effectiveness of LIURP and other related programs. TURN Comments at 11.

UGI recommends removing the new reporting requirements proposed in § 58.15. It submits that reporting requirements proposed in this LIURP Rulemaking should instead be added to the regulations at §§ 54.75 (for EDCs) and 62.5 (for NGDCs). UGI Comments at 11.

§ 58.15(3)

PPL supports the proposed amendments to §§ 58.15(1), 58.15(2), and 58.15(4), noting that it currently provides these data annually to the PUC. PPL disagrees with the proposed amendment to §§ 58.15(3)(i)—(iv), stating that it does not see the value in tracking and reporting this information due to the significant time and expense a public utility would incur to do so. PPL requests the PUC clarify how this information would be used to improve LIURP offerings. PPL generally agrees with § 58.15(3)(vi); however, it proposes including the explanation of unspent LIURP funds in the LIURP productivity report due annually on February 28. PPL Comments at 17—19.

FirstEnergy PA asserts that further clarification is necessary regarding the reporting requirements defined in § 58.15(3). Specifically, it would like to separate health and safety and incidental repair spending into different categories as some weatherization measures overlap. Furthermore, it states that some of the proposed reporting requirements will require new programming, processes, and procedures to accurately capture the necessary data. FirstEnergy PA opines that clarity is essential for public utilities to ensure they report information that is both consistent and valuable because the cost of collecting this additional data will increase the administrative program costs recovered from ratepayers. FirstEnergy PA Comments at 7.

NFG questions the need for § 58.15(3)(vi), which would require public utilities to provide an explanation if more than 10% of an annual LIURP budget remains unspent. NFG contends that annual LIURP spending should not be interpreted as a primary metric for program success. NFG asserts that a focus on spending all LIURP funds could inhibit public utilities from promoting efficiency and innovation to reduce program costs. NFG notes that other factors impact LIURP "budget spending," including lack of contractor availability, supply chain disruptions, customer delays, scheduling constraints, population decline, and competing weatherization programs. NFG recommends that the PUC eliminate § 58.15(3)(vi) and evaluate LIURP spending through individual USECP proceedings, where adherence to a LIURP budget can be properly contextualized. NFG Comments at 10-11.

CAUSE-PA notes the amendments to § 58.15 do not require public utilities to disaggregate cost categories to allow appropriate review of LIURP spending. CAUSE-PA recommends the PUC amend § 58.15(3)(ii) to require public utilities to report total LIURP costs by category and itemize administrative costs by the categories proposed in § 58.2 (relating to the definition of administrative costs). CAUSE-PA asserts that this disaggregation will be critical to assessing the impact of including training costs as a new category of allowable administrative costs. CAUSE-PA Comments at 50-51.

§ 58.15(4)

CAUSE-PA notes that § 58.15(4) requires LIURP data to be submitted in compliance with reporting instructions provided by the PUC but does not explicitly instruct public utilities to report this data to the PUC. CAUSE-PA recommends revising § 58.15(4) to require that public utilities simultaneously report this data to the PUC and file the data at their current USECP docket. It further recommends requiring public utilities to append this data to any filing which seeks to amend their USECPs or other proceedings which may otherwise impact rates and the need for program services. CAUSE-PA Comments at 76-77.

Duquesne expresses concerns about the data requested in proposed §§ 58.15(4)(ii)—(iv), specifically regarding changes to customer utility bills, payment behavior, account balances, and household demographics at the time program measures were installed. Duquesne asserts that compiling this new data will increase its administrative burden and costs. Duquesne also asserts that collecting household demographic data, under § 58.15(4)(iv), may be considered invasive. Duquesne recommends that the PUC focus on performance metrics rather than demographic details. Duquesne Comments at 17.

Duquesne also seeks clarity on § 58.15(4)(v), which requests an assessment on the cost-effectiveness of ESPs in providing program services and how they are meeting quality control standards. Duquesne questions how cost-effectiveness should be measured, noting that energy savings from program services may not be known until at least a year later and household changes during this time may also impact energy usage unrelated to the ESP's service quality. Duquesne asserts that requiring public utilities to parse these nuances could significantly increase the time and cost associated with annual reporting. Duquesne Comments at 17.

Stakeholder Reply Comments on § 58.15

PPL disagrees with CAUSE-PA's recommendation that public utilities collect and report on additional data related to high-usage customers. PPL asserts that CAUSE-PA fails to quantify the increased resources and costs associated with the proposed changes and provides insufficient support for these requirements. PPL asserts that weatherization may not change customer behavior or energy usage and the additional data will not improve program services. PPL RC at 12, citing CAUSE-PA Comments at 75—77.

EAP opines that CAUSE-PA and OCA proposals to expand the existing reporting requirements at § 58.15 are excessive. EAP notes that CAUSE-PA's proposal would require data reporting on all high-usage customers, rather than just LIURP recipients. EAP states that public utilities may not have or track this proposed data. EAP asserts that creating additional administrative tasks for public utilities and contractors would divert time and resources away from providing energy-saving measures. EAP also contends that it is unclear how this information would improve program efficiency or reach. EAP states that if the PUC deems specific data are necessary for

program evaluation, it could be addressed in the LIURP evaluation cycle or USECP review process. EAP RC at 17-18, citing OCA Comments at 54; CAUSE-PA Comments at 75.

PPL opposes OCA's recommendation that the PUC include provisions to track the impact of LIURP on the costs of public utility CAPs and uncollectible expenses. PPL asserts that quantifying the impact of energy-efficient appliances and weatherization measures on reducing CAP credits and arrears is challenging. PPL submits that while these measures can help reduce energy consumption, customers' usage habits may change independently of these measures and reductions in CAP credits or arrearages cannot be definitively attributed to the program services provided. PPL RC at 13-14, citing OCA Comments at 62.

EAP submits that OCA's suggestion for LIURP "outcome" reporting is problematic as LIURP itself cannot preclude an increase in energy usage or bill amounts. EAP notes that any such outcome reporting would be a misrepresentation of the value of LIURP. EAP also submits that OCA's proposal for public utilities to adopt a mechanism to track how LIURP reduces arrearages, bad debt, and future bill payments would be costly in terms of both time and money. EAP RC at 18, citing OCA Comments at 62.

EAP opposes CAUSE-PA's recommendation to amend § 58.15(3)(ii) to require public utilities to report total LIURP costs by category and itemize administrative costs by category. EAP asserts that disaggregating administrative costs may not provide significant benefit since public utilities typically group administrative funds together. EAP RC at 11, citing CAUSE-PA Comments at 50-51.

OCA disagrees with the recommendations of EAP, NFG, UGI, Duquesne, PPL, and FirstEnergy PA to eliminate some or all of the new reporting requirements proposed in § 58.15. OCA RC at 83, citing EAP Comments at 23-24, NFG Comments at 11-12, UGI Comments at 11, Duquesne Comments at 17, PPL Comments at 17—19, and FirstEnergy PA Comments at 7.

OCA notes that the proposed reporting requirements include data not captured in §§ 54.74[sic] and 62.5.[104] OCA submits that the reporting requirements will help the PUC, public utilities, and interested stakeholders better understand the overall success of LIURP and help gain information to make changes to a LIURP as needed in an individual USECP. OCA RC at 83-84.

OCA does not oppose EAP's recommendation to delay the implementation of the reporting requirement for § 58.15(3)(i) to allow public utilities time to collect, track, and report deferral data. OCA agrees with EAP that the PUC should provide further guidance regarding calculation of the data so that public utility reporting is consistent. OCA does not agree that further reconsideration of this proposed requirement is necessary. OCA submits that examining LIURP deferrals will provide important insights into the reasons for deferrals which can be addressed in each public utility's USECP. OCA RC at 85, citing EAP Comments at 23.

OCA disagrees with NFG's opposition to § 58.15(3)(vi), which would require the public utility to provide an explanation if it underspends its LIURP budget by more than 10%. OCA submits that the LIURP needs assessment shows the need within the service territory and that the LIURP budget should be set to meet that need. OCA recommends that if a public utility continues to carry over unspent LIURP funds into the next program year, it should take action to address its overall budget. OCA asserts that the 10% underspend threshold is an appropriate trigger to further investigate why a LIURP budget is being underspent. OCA RC at 86, citing EAP Comments at 24 and NFG Comments at 10—12.

OCA reiterates its support for the proposed reporting requirements in § 58.15(3), including requesting specific information for incidental repairs and health and safety measures. OCA submits that the proposed data points will help stakeholders understand the impacts of LIURP on customer bills, cost-effectiveness of LIURP, and how it assists customers. OCA disagrees with Duquesne's concern that collecting this data would be invasive, as the data would be reported in the aggregate and conceal any potential individual information. However, OCA agrees with Duquesne that the PUC should provide clarity on the ESP assessments requirements requested in § 58.15(3)(v) to allow public utilities to report this information consistently. OCA RC at 87—89, citing Duquesne Comments at 17.

OCA strongly supports CAUSE-PA's recommendation to require public utilities to file the data at their USECP dockets in addition to reporting it to the PUC. OCA RC at 89, citing CAUSE-PA Comments at 76.

In response to PPL's opposition to the proposed amendments to § 58.15(3)(i)—(iv), TURN submits that the proposed annual reporting requirements are not overly burdensome and will capture important LIURP data. In response to EAP's concerns about the deferral tracking data required in § 58.15(3)(i), TURN submits that by requiring public utilities to track deferrals and coordinate with programs to help address deferral issues, more low-income households can qualify for LIURP. TURN RC at 20-21, citing PPL Comments at 18 and EAP Comments at 20.

Disposition on § 58.15a

As noted above, we have reserved the existing § 58.15 and are addressing LIURP reporting and evaluation in final-form § 58.15a.

In response to the comments of IRRC and other stakeholders regarding how the data collected under what is now final-form § 58.15a would assist the PUC in its administration and oversight of LIURP performance, we refer to the purpose of LIURP as expressed in § 58.1, that requires a public utility to maintain a fair, effective, and efficient LIURP. The PUC uses the data reported under § 58.15 and will use the data collected under § 58.15a to perform quality assurance reviews of all public utility LIURPs. The public utilities and the PUC have used these existing data points in successfully managing and overseeing LIURPs for over 30 years. The additional data points in § 58.15a will enhance the PUC's ability to evaluate and oversee the effectiveness of public utility LIURPs.

We decline to move the data points to the reporting requirements in §§ 54.75 and 62.5 as suggested by UGI.

[104] Section 54.74 (relating to universal service and energy conservation plans) addresses plan submission and plan contents for EDC USECPs. The reporting requirements for EDC USECPs are addressed in § 54.75 (relating to annual residential collection and universal service and energy conservation program reporting requirements). In our disposition below, we refer to § 54.75 rather than § 54.74.

We note that §§ 54.75(2)(ii)(A) and 62.5(a)(2)(ii)(A) require a public utility to report LIURP data as established in the existing § 58.15 which is § 58.15a in the final-form regulation. We agree with OCA that the intention of the additional data points is to build upon the existing reporting requirements under §§ 54.75 and 62.5.[105]

We decline to incorporate additional reporting requirements related to the costs of termination, collections, uncollectable expenses for high-usage customers, high-usage confirmed low-income customers, and customers enrolled in CAP, and LIURP recipients in final-form § 58.15a, as suggested by CAUSE-PA. We agree with EAP that these additional data points, if needed, can be addressed in a public utility's USECP proceeding. We note that LIURP participation is not the only factor impacting future usage and that collecting such information on high-usage confirmed-low-income customer data is outside the scope of this rulemaking and may not necessarily provide new insights on the effectiveness of LIURPs.

In response to concerns raised by stakeholders and IRRC that the proposed data points in what is now § 58.15a would require additional time and increased expenses, we note that public utilities already collect termination, collection, and universal service program residential data as required under existing reporting requirements in the existing §§ 58.15, 54.75, and 62.5.[106] Public utilities have also been directed to collect and track many of the new proposed data points in individual USECP proceedings. For example, the PUC has previously directed public utilities to track and report separate health and safety and incidental repair allowances[107] and the number of dwellings deferred.[108] The PUC has also directed public utilities to include the number of estimated special needs customers between 151% and 200% of the FPIG in their needs assessment.[109] Additionally, the PUC has directed public utilities to track and report their LIURP pilot program data.[110]

Regarding the concerns raised by stakeholders with collecting and tracking the number of previously deferred dwellings that received program services during a program year as proposed in § 58.15(3)(i), we agree that this provision is unnecessary as it is covered in § 58.12.

Accordingly, consistent with the provisions in § 58.12(c)(2), final-form § 58.15a(3)(i) requires a public utility to report the reasons for LIURP deferrals as follows:

(i) The number of LIURP jobs including the number and type of dwelling, the number of each job type completed, the number of fuel-switching jobs, the number of deferred dwellings AND DEFERRAL REASONS, [~~the number of previously deferred dwellings that received program services during the program year~~], the number of inter-utility coordinated LIURP jobs and the number of LIURP jobs coordinated with other weatherization programs.

Based on stakeholders' concerns regarding the proposed § 58.15(3)(ii), we removed "cost to serve special needs customers" from final-form § 58.15a(3)(ii) and moved it to (3)(iv) to clarify the total number and costs of CAP customers and special needs customers served. Accordingly, final-form §§ 58.15a(3)(ii) and 58.15a(3)(iv) require as follows:

(ii) The total LIURP costs including, material and labor costs of measures installed, administrative costs, inter-utility trainings, coordinated trainings and outreach, health and safety, incidental repairs, AND energy conservation education [~~and cost to serve special needs customers~~].

(iv) The total number AND COSTS of CAP households SERVED and THE TOTAL number AND COSTS of special needs households SERVED.

Regarding CAUSE-PA's assertions that cost categories should be disaggregated, we clarify that the cost categories are intended to be reported as a single number, not disaggregated. We agree with EAP that requiring public utilities to report LIURP costs in subcategories may not provide significant benefits and could increase administrative burdens. Therefore, we decline to adopt CAUSE-PA's proposed modification. For the same reason, we are also not inclined to require zip code level reporting in § 58.15a, as suggested by OCA.

With respect to the concerns raised by some stakeholders regarding proposed § 58.15(3)(vi), which is now final-form § 58.15a(3)(vi), that requires a public utility to provide an explanation if it underspends its LIURP budget by more than 10%, we clarify that LIURP spending is not the only metric used to evaluate LIURP. Rather it is an integral data point used to account for whether annual LIURP budgets were correctly assessed and to ensure appropriate spending of ratepayer dollars. We agree with OCA that the 10% underspend threshold is an appropriate trigger to further investigate why a LIURP budget is being underspent. Therefore, we decline to remove what is now § 58.15a(3)(vi) from the final-form regulation as some stakeholders suggested.

Consistent with § 58.8(b), we have added § 58.15a(3)(vii) to capture the number of LIURP jobs that received a monetary contribution from the landlord and the total amount of monetary contributions received from landlords in the program year. Accordingly, final-form § 58.15a includes § 58.15a(3)(vii) as follows:

(vii) THE TOTAL NUMBER OF LIURP JOBS THAT RECEIVED A LANDLORD CONTRIBUTION AND THE TOTAL AGGREGATE DOLLAR AMOUNT OF ALL LANDLORD CONTRIBUTIONS FOR THE PROGRAM YEAR.

Regarding the concerns raised by Duquesne about the proposed § 58.15(4)(iv), which is now § 58.15a(4)(iv), that requires public utilities to report household demographic

[105] Having reserved the existing § 58.15 and established the final-form § 58.15a, we also need to adjust the cross references to § 58.15 currently in §§ 54.75 and 62.5. Those adjustments are reflected in Annex A without further specific reference.

[106] Annual Universal Service Programs & Collections Performance Reports published on the PUC website at https://www.puc.pa.gov/filing-resources/reports/universal-service-programs-and-collections-performance-reports/. (Accessed on December 3, 2024.)

[107] See Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024) at 85-86; PECO 2016—2018 USECP, Docket No. M-2015-2507139 (Order entered on August 11, 2016) at 48—50; Duquesne 2017—2019 USECP, Docket No. M-2016-2534323 (Order entered on March 23, 2017) at 36—38; NFG 2022—2026 USECP, Docket No. M-2021-3024935 (Order entered on May 3, 2022) at 39—41; and FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 81—86.

[108] See FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 81—86 and PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023) at 52—54. See also Joint Petition of Duquesne Light, the Office of Consumer Advocate, and the Coalition for Affordable Utility Service and Energy Efficiency for Approval of a Settlement, Docket No. M-2019-3008227 (filed on August 13, 2021), at 7, ¶21.

[109] See FirstEnergy PA 2024—2028 USECP, Docket Nos. M-2022-3036532, M-2022-3036533, M-2022-3036534, and M-2022-3036535 (Order entered on March 14, 2024) at 108-109 and Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024) at 100—106.

[110] See Columbia 2024—2028 USECP, Docket No. M-2023-3039487 (Order entered on April 4, 2024) at 66-67; NFG 2022—2026 USECP, Docket No. M-2021-3024935 (Order entered on May 3, 2022) at 42—44; and PGW 2023—2027 USECP, Docket No. M-2021-3029323 (Order entered on January 12, 2023) at 54—58.

data at the time program measures were installed, we note that this information is currently captured at the time of LIURP qualification. Accordingly, final-form § 58.15a(4)(iv) provides as follows:

(iv) Household demographic data at the time [~~program measures were installed~~] OF LIURP QUALIFICATION.

We acknowledge the request of stakeholders for clarification related to how to measure the requirements proposed in § 58.15(4)(v). We agree with Duquesne that circumstances such as a change of household members in a dwelling or a change in appliances or equipment could impact energy usage unrelated to the service quality provided by an ESP. Thus, assessing the cost-effectiveness of ESPs would be difficult to quantify. We note that this issue is more appropriately addressed in proposed § 58.14a (relating to quality control), which requires public utilities to establish and document their quality control standards for installing program measures and evaluating the work of ESPs in their USECPs. Accordingly, § 58.15(4)(v) has been removed in its entirety from the final-form regulation.

We acknowledge CAUSE-PA's recommendation to require public utilities to file the LIURP data reported in § 58.15a at their current USECP docket(s) and append this data to any filing seeking to amend their USECP or any other PUC proceeding which impact rates and service needs. We note that the PUC has a process to validate LIURP and universal service data reported annually by public utilities, this includes the data requested as part of proposed § 58.15(1), (2) and (4). The validated LIURP and universal service data is aggregated and published in the PUC's annual Report on Universal Service and Collections Performance. We do not find it appropriate to require public utilities to file their unvalidated data at their USECP dockets or append this information to PUC proceedings. Accordingly, we reject this aspect of CAUSE-PA's recommendation.

We do see merit, however, in a public utility filing validated statistical information collected as part of final-form § 58.15a(3) at its current USECP docket, reflecting data on LIURP jobs completed in the preceding year. As filing this information at the USECP docket will make it part of the public utility's public record, it is not necessary to require a public utility to append this information to other PUC proceedings, including those impacting rates and services.

Accordingly, final-form § 58.15a(3) requires the statistical data reported to be filed at the public utility's current USECP docket, as follows:

(3) Statistical data on LIURP jobs completed in the preceding program year by April 30.[~~, including~~] THE STATISTICAL DATA SHALL BE FILED AT THE PUBLIC UTILITY'S CURRENT USECP DOCKET AND INCLUDE THE FOLLOWING:

We acknowledge EAP and OCA's recommendation to provide further guidance on the calculation of the data and the purpose for collecting and reporting the data proposed in § 58.15(3)(i) regarding the number of deferred dwellings. As we addressed in § 58.12(c), public utilities are required to track and report the number of dwellings that could not receive LIURP due to having a health, safety or structural problem that does not meet the criteria or exceeds the maximum budget allowances and the reasons for those deferrals. The provisions in § 58.12(c) serve as a metric for what public utilities must report as part of what is now final-form § 58.15a(3)(i) regarding deferred dwellings. EAP has asserted that public utilities are tracking LIURP deferrals as part of their universal service reporting requirements.[111] We find that incorporating and expanding this reporting in § 58.15a(3)(i) (i.e., by including the reasons for LIURP deferrals) will help to ensure this information is collected in a consistent and uniform manner. Further, we agree with OCA that tracking and reporting the number of deferred dwellings annually should help the PUC and stakeholders understand the deferral issues experienced by eligible customers within a service territory and may provide a better understanding of how to address underlying dwelling issues resulting in deferrals.

As it pertains to EAP's recommendation to require a two-year implementation timeline following the finalization of regulations for public utilities to collect and track the data points in what is now final-form § 58.15a(3)(i) related to the number of deferred dwellings, we have adopted EAP's recommendation. Regarding the other data requirements in final-form § 58.15a, we have set a one-year implementation timeline for public utilities following the publication of the final-form regulations in the *Pennsylvania Bulletin*.

In response to IRRC's request to provide the specific cost and saving estimates related to final-form § 58.15a in the RAF submitted with the final-form regulation, we clarify that the amendments standardize how data that are required under existing regulations are to be reported. We note that we do not have programming costs and savings specific to the data points because the number of LIURP jobs can be affected by various factors, including public utility rate changes, that impact the costs and savings.

Section 58.16. LIURP advisory committee

In the 2023 NOPR, we proposed to retitle this section as "LIURP advisory committee" (currently "advisory panels") to more accurately reflect its content. We proposed to amend this section to provide greater flexibility for a public utility to collaborate with stakeholders by allowing a public utility to combine the functions of its LIURP advisory committee with its existing USAC.[112] We noted that the proposed amendments would also require a public utility to meet with stakeholders at least semiannually to consult and receive advice regarding its LIURP. 2023 NOPR Preamble at 89.

We explained that all public utilities currently have some form of USAC that meets at least on a semiannual basis to receive updates on universal service programs, including LIURP, and provide feedback on proposed program initiatives. We noted that USACs were found to provide an opportunity for a public utility to collaborate with stakeholders on outreach, coordination, and imple-

[111] EAP Comments at 20, fn 30.

[112] Some public utilities use the term "universal service advisory group" or "USAG" to refer to the advisory functions.

mentation issues impacting all universal service programs.[113] 2023 NOPR Preamble at 90.

We proposed to retitle § 58.16(b) as "Committee participants" (currently "Membership") and proposed to remove and reserve the existing §§ 58.16(c)-(d). We noted that the amendments would give public utilities flexibility in establishing membership and responsibilities for its advisory committee. We further noted that it would also allow for greater collaboration between public utilities and stakeholders when addressing LIURP issues. 2023 NOPR Preamble at 90.

Finally, we proposed to remove and reserve the existing § 58.16(e), which would allow a public utility to use its USAC in place of a LIURP Advisory Committee. 2023 NOPR Preamble at 90.

Stakeholder Comments on § 58.16

CAUSE-PA, Duquesne, EAP, PPL, NFG, and OCA generally support the proposed amendments to § 58.16. CAUSE-PA Comments at 79; Duquesne Comments at 17; EAP Comments at 24; PPL Comments at 19; NFG Comments at 12; OCA Comments at 55-56.

CAUSE-PA notes the proposed amended language requires public utilities to establish USACs or LIURP advisory committees but does not require both. CAUSE-PA claims that this would limit the stakeholders' ability to provide feedback on all universal service programs provided by the public utility and recommends amending § 58.16 to require a public utility that chooses to have both a USAC and a LIURP advisory committee to hold stakeholder meetings for each group on a semiannual basis at a minimum. CAUSE-PA Comments at 79-80.

CAUSE-PA also recommends amending § 58.16(b) to include LIURP advisory committee membership to all members of the public utility's USAC. CAUSE-PA asserts that a public utility should be obligated to provide regular updates to its USAC about a public utility's LIURP, including access to pertinent data, to ensure the USAC can provide meaningful feedback. Additionally, CAUSE-PA notes that a public utility should be required to expand its LIURP advisory committee and USAC membership to include community-based entities within the public utility's service territory. CAUSE-PA Comments at 80-81.

OCA supports the proposed changes in § 58.16(b) that would increase the diversity of membership of a public utility's LIURP advisory committee or USAC. OCA suggests that the LIURP advisory committee be a subcommittee of a public utility's USAC. OCA recommends these subcommittee meetings be designed for the exclusive purpose of discussing LIURP matters and include CBOs that may not attend USAC meetings. OCA Comments at 55-56.

Stakeholder Reply Comments on § 58.16

PPL opposes OCA and CAUSE-PA's recommendation to require public utilities to hold separate meetings with their USACs and LIURP advisory committees. PPL asserts that holding separate meetings would be inefficient and unnecessary as the LIURP advisory committee can include members of the public utility's USAC. PPL suggests instead that both committees could be consulted during semi-annual meetings to allow stakeholders to provide input on program services. PPL RC at 12-13, citing OCA Comments at 54—56 and CAUSE-PA Comments at 79—81.

Disposition on § 58.16

The original intent of revising the existing provision at § 58.16 is to provide the option for public utilities to combine the functions of its LIURP advisory committee with its USAC rather than holding separate meetings. We agree with PPL that OCA and CAUSE-PA's recommendations to require public utilities to hold separate advisory committee meetings may be unnecessary as USACs currently consult on topics related to universal service programs, including LIURP. We also agree with stakeholders that there is ambiguity on how the proposed amendments in § 58.16, such as requiring a public utility to have a "LIURP advisory committee" or a "USAC," or both, could be interpreted. We recognize that public utilities are currently complying with this provision by consulting with their USACs at least semiannually. Further, they have the option of establishing a USAC subcommittee to address LIURP matters independently of other universal service issues, if appropriate. Therefore, we have revised the final-form § 58.16(a) to indicate that a public utility must use its advisory committee to advise it on LIURP matters.

Accordingly, we have revised § 58.16 final-form regulation, retitling it "Advisory committee" and have revised final-form § 58.16(a) to replace the terms "LIURP advisory committee" and "USAC" with "advisory committee" as follows:

§ 58.16. [Advisory panels] [~~LIURP advisory~~] ADVISORY committee.

(a) **[*Creation.*]** A **[covered]** **public** utility shall create and maintain a **[Usage Reduction Program Advisory Panel to provide consultation and advice to the company regarding usage reduction services] [~~LIURP advisory committee or a~~] USAC that meets at least semiannually with stakeholders to consult on program services.**

We decline to adopt CAUSE-PA's suggestion to revise § 58.16(b) to include identifying specific entities which must be offered membership in a USAC. As proposed, § 58.16(b) states that membership may include "representatives from other groups or agencies which may be able to offer reasonable advice regarding program services." This general provision includes the community-based entities that CAUSE-PA is suggesting. We have, for consistency, revised final-form regulation § 58.16(b) to remove the term "LIURP advisory committee" and as follows:

(b) **[*Membership*]** ***Committee participants.*** **[No more than one representative from an organization or group may serve on a company's advisory panel. Membership]** **Participants** of a **public** utility's **[consumer advisory panel] [~~LIURP advisory committee or~~] USAC** may include:

(1) Recipients of program measures and representatives from social service agencies, from community groups and from agencies or companies which administer or install program measures.

[113] See, e.g., NFG 2017—2020 USECP, Docket No. M-2016-2573847 (Order entered on March 1, 2018), at 29, 66; and FirstEnergy PA 2019—2021 USECP, Docket Nos. M-2017-2636969, M-2017-2636973, M-2017-2636976, and M-2017-2636978 (Order entered on May 23, 2019), at 61, OP No. 11.

(2) Representatives from other groups or agencies which may be able to offer reasonable advice regarding **[usage reduction programs and]** program services.

Section 58.17. Modifications of a LIURP

In the 2023 NOPR, we proposed to retitle § 58.17 as "Modifications of a LIURP" (currently "Regulatory review") to more accurately reflect its content and PUC practice. We explained that the existing language in this section provided that a public utility may not implement a LIURP or significantly modify it without "Commission approval." We proposed to replace "Commission approval" in the existing regulation with "USECP proceeding" to reflect that a public utility electing to modify its program services or its LIURP budget must do so through a USECP proceeding. We noted that the proposed change was consistent with the proposed amendments in § 58.4(a.1). We clarified that we were not proposing to modify the role of BCS in reviewing LIURP or USECP proposals. We noted Duquesne, PPL, Peoples, and EAP's previous support for modifying LIURPs through a USECP review process led by the PUC's BCS. Duquesne RC to 2016 Secretarial Letter at 3-4; PPL RC to 2016 Secretarial Letter at 2; Peoples RC to 2016 Secretarial Letter at 2; EAP RC to 2016 Secretarial Letter at 9-10. We further noted that we were not persuaded by CEO that USECP proceedings should be OALJ proceedings. 2023 NOPR Preamble at 91.

IRRC Comments on § 58.17

IRRC notes stakeholder concerns that the proposed changes regarding the new definition of "LIURP budget" would contradict statutory mandates and could impact the PUC's ability to administer public utility LIURPs, such as by approving modifications to and waivers of LIURP requirements. IRRC requests that the PUC provide a detailed explanation of the need for the proposed changes and to consider the alternative approaches suggested by stakeholders. IRRC also urges the PUC to ensure the proposed changes align with existing LIURP provisions. IRRC Comments at 3-4.

Stakeholder Comments on § 58.17

EAP and NFG support the proposed modifications to § 58.17, and Duquesne does not oppose it. EAP Comments at 24; NFG Comments at 12; Duquesne Comments at 17.

PPL supports the proposed changes to § 58.17 in regard to making substantive changes to program services. However, PPL asserts there is a benefit to allowing LIURP budget changes outside of a USECP proceeding and requests clarification that this section only applies to LIURP budgets and not to other universal service programs. PECO also asserts that it would be beneficial to maintain the flexibility of allowing public utilities to make LIURP modifications through non-USECP proceedings. PPL Comments at 19; PECO Comments at 9.

CAUSE-PA opposes the PUC's proposal to limit modifications of LIURP budgets to quinquennial USECP proceedings. CAUSE-PA asserts this change would negatively impact the processing rights of stakeholders and limit the PUC's ability to address real-time changes impacting the cost-effectiveness and availability of LIURPs. CAUSE-PA suggests the following amendments to § 58.17:

A **[covered]** public utility **[may not implement a required usage reduction program, nor subsequently significantly] [** ~~shall establish or subsequently~~ modify **] [a program approved under this chapter until the utility has received Commission approval for the proposal] [** ~~its program services and LIURP budget through a USECP proceeding~~. **] MAY NOT ESTABLISH, IMPLEMENT OR MODIFY ITS LIURP UNTIL THE PUBLIC UTILITY HAS RECEIVED COMMISSION APPROVAL FOR THE PROPOSAL.**

CAUSE-PA Comments at 35 and 41.

OCA recommends that the PUC establish an adjudicatory process for USECP proceedings similar to the Act 129 or Default Service proceedings. OCA contends the PUC cannot prevent programmatic, cost recovery, or budget modifications to universal service programs from being addressed in base rate proceedings. OCA states that LIURP costs are part of tariffed rates for public utilities and the PUC must permit all aspects of a public utility's tariff to be reviewed as part of a base rate proceeding. OCA Comments at 56.

Stakeholder Reply Comments on § 58.17

OCA agrees with PECO's arguments that there is a need for flexibility to address LIURP issues in both USECP and non-USECP proceedings. OCA disagrees with EAP's support for the modifications proposed at § 58.17 and reasserts that restricting LIURP modifications to USECP proceedings is not legally permissible. OCA RC at 90, citing PECO Comments at 9 and EAP Comments at 24.

Disposition on § 58.17

Generally, some stakeholders assert a disagreement with restricting a public utility to making modifications to its LIURP budget through a USECP proceeding. Consistent with our revisions in other sections of Chapter 58, we have revised § 58.17 to reflect that modifications to a LIURP are subject to Commission approval and not limited to USECP proceedings.

Accordingly, we have adopted, in part, CAUSE-PA's recommended modifications to the final-form § 58.17 as follows:

A **[covered]** public utility **[may not] [** ~~shall~~ **] [implement a required usage reduction program, nor subsequently significantly] MAY NOT establish [** ~~or subsequently modify~~ **] [a program], IMPLEMENT OR MODIFY its [program services and] LIURP [** ~~budget through a USECP proceeding~~ **] [** ~~approved under this chapter until the utility has received Commission approval for the proposal]~~ **UNTIL THE PUBLIC UTILITY HAS RECEIVED COMMISSION APPROVAL FOR THE PROPOSAL**.

Additionally, in response to PPL's comments, we clarify that § 58.17 applies specifically to LIURPs and not to other universal service programs.

Section 58.18. Waiver

In the 2023 NOPR, we proposed to retitle § 58.18 as "Waiver" (currently "Exemptions") to refer to provisions under 52 Pa. Code § 1.91 (relating to applications for waiver of formal requirements). We explained that an EDC or an NGDC has the burden to establish the merits of making a change in or an addition to its LIURP,

regardless of whether that change or addition is proposed mid-USECP or in conjunction with a periodic USECP review. We noted that if the proposed change requests a deviation from the provisions of Chapter 58, the public utility would need to comply with § 1.91 in making the request for the change. We further noted that the proposed provisions supported the amendments throughout Chapter 58 that replace "Commission approval" with "USECP proceeding" and that we updated the terms consistent with the proposed definitions in § 58.2. 2023 NOPR Preamble at 91-92.

IRRC Comments on § 58.18

IRRC notes that stakeholders have expressed concerns about how the new definition of "LIURP budget" will impact various sections of the regulation, including the provisions related to waivers in § 58.18. These concerns include whether these proposed changes would contradict statutory mandates involving public utility LIURPs and could impact the PUC's ability to make modifications to and waivers of LIURP requirements. Further, IRRC notes stakeholders are concerned that these changes could impact the transparency of LIURP proceedings and the ability of stakeholders to participate in them. IRRC requests a detailed explanation of the need for the proposed changes and suggests considering alternative approaches proposed by stakeholders. IRRC also urges the PUC to ensure the proposed changes align with existing statutory provisions regarding the administration of LIURP. IRRC Comments at 3-4.

Stakeholder Comments on § 58.18

EAP, PPL, and NFG support the proposed modifications to § 58.18. Duquesne states it does not oppose the proposed changes. EAP Comments at 24; PPL Comments at 20; NFG Comments at 12; Duquesne Comments at 17.

PECO opposes the amendments proposed in § 58.18 that would require the use of a USECP proceeding to seek a waiver of LIURP requirements. PECO asserts that it would be beneficial to maintain the flexibility of pursuing waivers through non-USECP proceedings. PECO Comments at 9.

OCA recommends revising § 58.18 to state that any requests for waivers or exemptions should be reviewed as part of a USECP review process if its proposal to establish an adjudicatory process for USECP proceedings is adopted. OCA avers this would allow all stakeholders to have the opportunity to review the public utility's proposal and ask questions regarding the need for the proposed waiver or exemption. OCA Comments at 57.

Stakeholder Reply Comments on § 58.18

The stakeholders did not offer substantive reply comments specifically referring to § 58.18.

Disposition on § 58.18

As it pertains to IRRC's comments, we acknowledge the concerns raised by some stakeholders that disagree with restricting public utilities to propose modifications to its LIURP budget only in USECP proceedings. Similar to the revisions in other sections of Chapter 58, we have revised § 58.18 to remove "USECP proceeding" to reflect that a public utility may obtain PUC approval for a waiver of Chapter 58 regulations in USECP proceedings and non-USECP proceedings, such as a rate case. We clarify that the burden is on the public utility to request approval for a waiver if a change or addition to or deletion from its LIURP deviates from the provisions of Chapter 58. Additionally, a public utility proposing a provision for its USECP that is not consistent with a provision in Chapter 58 or in another PUC regulation shall comply with § 1.91 in stating a predicate for its proposal.

Accordingly, we have revised final-form § 58.18 as follows:

A **[covered]** **public** utility alleging special circumstances may petition the Commission **[exempt its required usage reduction program from]** **[~~through a USECP proceeding~~]** **to waive a provision in** this chapter**, under 52 Pa. Code § 1.91 (relating to applications for waiver of formal requirements)**.

Section 58.19. Temporary suspension of program services

In the 2023 NOPR, we proposed to add § 58.19 to establish notification and reporting requirements if a public utility suspends or plans to suspend its program services. A public utility would be required to file and serve the notices and updates at its USECP docket under § 58.19. We explained that there may be circumstances beyond the public utility's control when it would be reasonable for a public utility to temporarily suspend all or some of its program services for 30 days or longer. We identified that circumstances could be, but are not limited to, a public health emergency, such as a natural disaster or a pandemic. We clarified that some suspensions are not the result of highly publicized events and may only affect one public utility or one portion of a public utility's service territory. 2023 NOPR Preamble at 92.

In particular, we recounted in the 2023 NOPR Preamble that all public utilities in the Commonwealth suspended in-person program services for several months in 2020 due to the restrictions created by the COVID-19 pandemic.[114] We noted that during that time public utilities offered limited program services and maintained a suspension of in-person program services for varying periods of time. We clarified that some suspensions are not the result of highly publicized events and may only affect one public utility or one portion of a public utility's service territory. In light of that experience, we found it reasonable to propose a requirement for a public utility to keep the PUC and the public informed when suspension of program services is necessary and to provide monthly status updates until its program services are resumed. 2023 NOPR Preamble at 92.

Stakeholder Comments on § 58.19

Duquesne, EAP, NFG, and PPL support the proposed inclusion of § 58.19. Duquesne Comments at 17; EAP Comments at 24; NFG Comments at 12; PPL Comments at 20.

OCA recommends adding a provision to § 58.19 to require public utilities to notify the PUC and all parties to their USECP proceeding at the same time and allow an opportunity for parties to ask questions regarding the reasons for the temporary suspension. OCA Comments at 57.

Stakeholder Reply Comments on § 58.19

The stakeholders did not offer substantive reply comments specifically referring to § 58.19.

[114] On March 6, 2020, Governor Tom Wolf issued a Proclamation of Disaster Emergency (Emergency Proclamation) in response to the COVID-19 pandemic. The proclamation, which has since expired, is available at https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2020-03/Pennsylvania%2020200306-COVID19-Digital-Proclamation.pdf. (Accessed on December 3, 2024.)

Disposition on § 58.19

As it pertains to OCA's proposal regarding adding a provision for all parties to a USECP proceeding be notified and have the opportunity to ask questions about a public utility's temporary suspension of LIURP, we note that there are already processes in place for parties to be notified and respond to public utility actions. The procedural requirements proposed in § 58.19 would require a public utility to file and serve notification of a temporary program suspension, including the reasons for suspension, at its current USECP docket.

Similar to the procedural requirements in a USECP proceeding, § 58.19 would provide parties the opportunity to review correspondence and file answers or comments at the public utility's docket. We note that parties may also create an eFiling account on the PUC's website[115] and subscribe to specific public utility docket proceedings. When a subscriber signs up for eFiling subscription services, the subscriber will automatically receive an email notification whenever a document is added, removed, or changed at that specific docket.

The procedural requirements that are already established for parties to have an opportunity to be notified and respond when a public utility files a petition or letter at its USECP docket, such as to announce temporary suspension of program services, addresses some of the concerns raised by OCA. Public utilities can voluntarily file a response to comments or questions raised by stakeholders, or the PUC may direct the public utility to do so, as appropriate. Therefore, we decline to add additional provisions to § 58.19.

We do, however, note a redundancy between § 58.19(a) and § 58.19(b). Specifically, § 58.19(a) as proposed would require a public utility to file and serve notification if it needs to suspend program services for 30 days or longer, and § 58.19(b) as proposed would require a public utility to file monthly status updates if the suspension exceeds 30 days. Upon reflection, specifying the timeframe in § 58.19(b) is unnecessary as § 58.19(b) will only pertain to program suspensions meeting the 30-day threshold. We have also replaced "must" with "shall" in this section, consistent with LRB requirements. Further, we have added a requirement that the notices shall be served on BCS.

Accordingly, we have revised final-form § 58.19 as follows:

(a) A public utility shall notify the Commission at its current USECP docket if it needs to suspend all or part of its program services for 30 days or longer. Notice [~~must~~] SHALL be filed and served prior to suspension of program services or within 5 days after suspension of program services if prior notice was not possible. The notice [~~must~~] SHALL include the reason for suspension and the estimated timeline for resumption of program services. THE NOTICE SHALL ALSO BE SERVED ON BCS.

(b) A public utility that has suspended its program services UNDER § 58.19(A) shall file and serve monthly status updates at its current USECP docket [~~if the suspension of program services exceeds 30 days~~]. The status updates [~~must~~] SHALL include an estimated timeline for resumption of program services AND SHALL ALSO BE SERVED ON BCS.

Cost Compliance with the Proposed Amendments and Timelines

In the 2023 NOPR, we requested stakeholder input on the following topics regarding the proposed amendments:

- Identify the benefits and adverse effects of the proposed amendments, including costs and cost savings. Explain how you arrived at your estimates.

- Quantify the specific costs, savings, or both, to a public utility anticipated to be associated with compliance with the proposed amendments. Your comments should provide details in terms of administering a LIURP. If you wish to address this in terms of the cost of providing LIURP services, that information must be set out separately from the cost of administration. Explain how you arrived at your estimates.

- Explain the additional legal, accounting, consulting, reporting, recordkeeping, and other work that would be involved in complying with the proposed regulations.

2023 NOPR Preamble at 96-97.

IRRC Comments on Cost Compliance

IRRC notes that stakeholder comments suggest potential extra costs for public utilities and savings for customers involved in LIURP related to this rulemaking. IRRC submits that stakeholder comments did not provide estimates of the potential costs and savings to determine if the proposed amendments are in the public interest. IRRC recommends that the PUC request that stakeholders provide data on the financial impact of the rulemaking and that the PUC quantify the results and incorporate cost and saving projections in the final rulemaking's RAF submitted with the rulemaking. IRRC Comments at 1.

IRRC notes that stakeholders have provided numerous and differing opinions and recommendations on the proposed rulemaking. IRRC highlights Section 2(a) of the Regulatory Review Act:

> To the greatest extent possible, this act is intended to encourage the resolution of, objections to a regulation and the reaching of a consensus among [IRRC], the standing committees, interested parties and the agency.

IRRC Comments at 3, citing 71 P.S. § 745.2(a).

IRRC urges the PUC to continue gathering input from all stakeholders to establish agreement on the role of LIURP. IRRC recommends further dialogue with involved stakeholders and requests that the PUC document these efforts in the FFRO Preamble and the FFRO RAF. Further, IRRC notes that if new language regarding arrearages is added to the Annex, it suggests the PUC issue an Advance Notice of Final Rulemaking containing the specific language. IRRC notes that this would allow stakeholders to provide feedback on substantive additions not present in the initial proposal. IRRC Comments at 2-3.

Stakeholder Comments on Cost Compliance

Duquesne reports that it has not yet quantified the estimated costs of the proposed changes to the LIURP. Duquesne notes that while many of the changes are

[115] PUC Website eFiling Services at https://efiling.puc.pa.gov/Accounts/Create?accountType=I. (accessed on December 3, 2024).

expected to be easily implemented, "certain aspects" may cause additional time, burden, and costs. Duquesne asserts that it does not anticipate any cost savings from the proposed LIURP changes. Duquesne Comments at 18-19.

FirstEnergy PA states that many of the suggested LIURP amendments align with its existing practices and will not increase LIURP costs. FirstEnergy PA Comments at 3.

UGI notes that the 2023 NOPR proposes revisions that would provide expanded benefits for LIURP participants and that it anticipates incurring significant costs, estimated to be between $1,000,000 and $3,000,000, to comply with these changes. UGI Comments at 11.

UGI submits that calculating savings in LIURP involves numerous variables, such as approved USECP budget amounts, ESP contract and material costs, customer cooperation, changes in dwelling occupants or pets, appliance usage, and participation in other universal service programs. UGI notes that the participation of ESPs, who also work under the WAP program, may be influenced by the funding differences between WAP and LIURP jobs. UGI submits that adhering to proposed amendments would require significant increases in training for various teams, including the call center, Universal Service Program team, CBOs, and LIURP agencies. UGI submits that an initial estimated cost for these system and program changes, based on historical data for similar changes, would be between $30,000 and $50,000. The cost for training internal employees would be approximately $26,000 and the cost for training contractors would be between $25,000 to $30,000. UGI Comments at 12.

UGI submits that it would have to hire contractors with expertise in remediation and/or removal of mold, asbestos, or knob-and-tube wiring. UGI also notes that hiring separate ESPs to perform energy audits will increase program costs and require significant coordination efforts between customers and agencies to ensure compliance. UGI Comments at 13.

PECO states that some of the PUC's proposals may provide benefits and/or cost savings while others may result in increased LIURP costs. It avers that it is not possible to quantify the cost of the proposed changes without clarity on what is specially being proposed. PECO states that further analysis would be required once changes are clarified and finalized to accurately quantify costs and cost savings impacts. PECO Comments at 10.

Disposition on Cost Compliance

Stakeholders have reported minimal information on the projected cost of compliance with the proposed regulations and some public utilities have noted certain proposed provisions may increase program costs. This FFRO eliminates many of the proposed provisions that public utilities have indicated would increase LIURP costs, such as requiring different ESPs to conduct the energy audit, the program measure installation, and the post-installation inspection. We recognize that a public utility's annual LIURP costs fluctuate based on, inter alia, the number of customers who qualify and the types of program services and measures required for each job. Therefore, we do not find requiring further LIURP cost projections based on these final-form regulations would accurately assess the financial impact to public utilities' annual LIURP costs, if at all. Further, we note that public utility LIURP costs are recoverable under 66 Pa.C.S. §§ 2203(6) and 2804(9) and evaluated through reporting to the PUC on an annual basis.

Questions A—E Posed in the 2023 NOPR

Program services are statutorily mandated universal services for low-income customers. Ratepayers pay the cost of program services; these universal service costs are recoverable and non-bypassable. There are households, some above and some below 150% of the FPIG, that currently carry public utility arrearage balances in excess of $10,000.

To the extent that these high arrearages are or may be attributable to conservation issues or health and safety issues, or both, we posed several questions in the 2023 NOPR seeking stakeholder input on potential roles for LIURP in helping to reduce or eliminate further accumulation of arrearages. 2023 NOPR Preamble at 97.

Question A: Has LIURP proven to be an effective means to help customers with extremely high arrearage balances (e.g., $10,000 or more) maintain utility service and pay down this debt?

Stakeholder Comments on Question A

EAP, Duquesne, PPL, NFG, and UGI generally find LIURP to be ineffective in helping customers with extremely high arrearage balances maintain service and reduce debt. Duquesne Comments at 20; EAP Comments at 25-26; NFG comments at 13; PPL Comments at 21; UGI Comments at 11.

Duquesne notes that while program measures contribute to reductions in energy usage, they typically do not have a significant impact on reducing pre-existing debt. Duquesne suggests that LIURP participation might not necessarily lead to the repayment of arrearages as customers may allocate any savings to other expenses. Duquesne Comments at 20.

PPL states that there is no evidence to correlate LIURP with the ability for customers with extremely high arrearage balances to maintain public utility service and pay down debt. PPL notes that arrearages may have accumulated prior to receiving LIURP. It contends that a CAP is the best method to address existing arrearages and pay down debt. PPL Comments at 21.

EAP and NFG generally agree that LIURP is not an effective tool for addressing high balance accounts. EAP and NFG note that not all households with high balances are eligible for LIURP and that public utility experiences with low-income customers with high balance accounts vary. EAP and NFG submit that due to the lack of reporting information indicating which customers have received LIURP and still experience high balances, it is challenging to determine LIURP's effectiveness in helping customers address extremely high balances. EAP Comments at 25-26; NFG comments at 13.

CAUSE-PA states LIURP is ultimately a prevention program that helps reduce energy consumption and corresponding bills before accruing debt. CAUSE-PA adds that when provided in conjunction with other universal service programs, such as CAP, LIURP is effective at helping customers stabilize energy costs, maintain safe affordable service, and pay down their debt. CAUSE-PA notes that it is not aware of any studies that specifically examine whether LIURP is an effective tool for assisting customers with balances over $10,000 to maintain service but recommends that the PUC further examine this issue. CAUSE-PA Comments at 84-85.

FirstEnergy PA avers that coordination between CAP and LIURP can provide more comprehensive support to customers struggling with high arrearages. It states that a customer's participation in CAP prevents immediate

service disconnection and offers flexible payment plans based on financial needs while program services reduce future bills by limiting electricity consumption. FirstEnergy PA asserts that LIURP coordination with CAP allows eligible customers to access both programs, which results in their financial and energy needs being addressed through a complete approach. FirstEnergy PA Comments at 8.

TURN contends that LIURP effectiveness is maximized when it collaborates with CAP and other initiatives to comprehensively approach energy poverty. TURN recommends that the PUC amend LIURP regulations to explicitly state that CAPs offer a "fresh start," providing another chance for arrearage forgiveness specifically for CAP-eligible customers. It suggests that a provision for establishing an affordable monthly payment agreement after the installation of program measures be instituted for non-CAP eligible customers. TURN Comments at 15.

Question B: Would offering LIURP to customers with high [public] utility account balances and unusually high monthly average bills result in a decrease in the cost of collection efforts and a decrease in uncollectible write-offs? If so, what eligibility criteria may apply?

Stakeholder Comments on Question B

Duquesne, FirstEnergy PA, PECO, PPL, UGI, and EAP generally are not in favor of offering LIURP to effectively manage high account balances. Duquesne states that LIURP has not proven to be an effective solution for addressing existing arrearages and is not designed to handle these specific issues. Duquesne notes that its service territory predominantly consists of natural gas heat customers, thus 90% of energy audits lead to installing baseload program measures such as lightbulbs, smart power strips, nightlights, health and safety measures, appliance replacement, and air sealing if necessary. However, for customers with high electric usage and a heating source other than electricity, a baseload audit may not significantly reduce usage and is unlikely to prompt changes in payment patterns. Duquesne Comments at 20-21.

FirstEnergy PA states that CAP is more effective for customers to address both their high arrearages and establish a more manageable income-based monthly payment. FirstEnergy PA Comments at 8-9.

PECO states that LIURP is a valuable program and that if program measures help a customer mitigate further arrearages, then there may be a corresponding positive impact on write-offs and cost collection efforts. PECO notes, however, that providing program services does not reduce uncollectible balances or the collection costs associated with high balances. PECO asserts customers seeking to reduce their balances should pursue other universal service programs such as CAP and government assistance programs such as LIHEAP. PECO Comments at 11.

PPL states that there is no evidence to correlate LIURP with the ability for customers with extremely high arrearage balances to maintain utility service and pay down debt. PPL notes that these arrearages may have accumulated prior to the LIURP job. PPL contends that CAP is the best method to address arrearages and pay down debt. PPL Comments at 21.

EAP opposes the idea of offering program services to a subset of customers with high public utility account balances or unusually high monthly average bills as a separate eligibility category. EAP questions the motivation for these customers to participate, especially if their arrearage levels have accumulated over years of chronic nonpayment. EAP asserts that it would be unfair to ask other ratepayers to cover free services in response to nonpayment and that public utility LIURP offerings should remain targeted, prioritizing high-usage to help decrease bills, as they are funded by ratepayers and have been designed and executed over years with this focus. EAP submits that LIURP is not a collection tool and should not be redefined as one. EAP Comments at 26-27.

CAUSE-PA states that providing LIURP to low-income customers with high account balances and unusually high bills should result in a decrease in collection costs and uncollectible expenses if LIURP is paired with payment arrangements and/or CAP enrollment. CAUSE-PA Comments at 85.

OCA states that providing comprehensive weatherization services should reduce household arrears and make bills more affordable but that usage reduction services only work when coordinated with public utility rate design. As previously discussed, OCA supports increasing the income eligibility thresholds for LIURP to provide households with the ability to reduce future arrears through energy conservation. OCA Comments at 58.

TURN contends that providing LIURP to customers with high account balances and unusually high monthly average bills could potentially reduce the cost of collection efforts and minimize uncollectible write-offs. Furthermore, it states that coupling payment arrangements and CAP enrollment with a fresh start on arrearage forgiveness could also prove to be effective measures that significantly reduce write-offs. TURN Comments at 15-16.

Question C: At what arrearage accumulation point or points should a public utility intervene to assist a customer reduce the household's monthly bill to make the bills more affordable before the customer accumulates a balance of $10,000 or greater? What criteria could the public utility use to identify customers who could benefit from LIURP treatment to minimize extremely high balances (e.g., amount of arrearage accumulating, age of housing and ability to provide conservation treatment, amount of average monthly bill compared to ability to pay, history of good faith payments, and the like)? Should the accumulation point be based on household income level or FPIG tier? What should the point or points be?

Stakeholder Comments on Question C

Duquesne states that public utilities should proactively assist customers with delinquencies by considering the age and amount of debt. Duquesne asserts that this approach recognizes that some customers are slow payers but do not pose a significant risk of becoming uncollectible or accumulating high balances based on their payment history. Duquesne states that in such cases, public utilities should continue using low-cost tools like friendly reminders to encourage timely payments. Duquesne asserts that deploying more expensive and time-consuming measures for customers who are capable and likely to pay their bill in full diverts limited resources from those with more substantial assistance needs. Duquesne Comments at 21.

Duquesne submits that public utility actions aimed at preventing and mitigating significant delinquencies

should be both cost-effective and efficient. It notes that the cost of addressing and preventing delinquencies is shared by all ratepayers. It notes that when a customer demonstrates an inability to pay the household's public utility bill, evidenced by increasing age and amount of debt, public utilities should, and often do, deploy the most cost-effective and efficient interventions. Duquesne submits that these interventions may include offering payment arrangements, Act 129 energy efficiency measures, universal service programs, and "grant referrals" to address and prevent account delinquency. Duquesne recommends that the PUC maintain flexibility for public utilities, avoiding excessive prescription or unreasonable interference with management discretion. Duquesne Comments at 21-22.

Duquesne submits that establishing rules that reduce the urgency to pay electric or natural gas public utility bills inadvertently contributes to increased delinquencies. It maintains that the availability of payment sanctuaries tends to result in higher unpaid balances and that alterations to LIURP criteria are unlikely to address the underlying issues of customer income limitations or reduce existing delinquencies. Duquesne suggests that the PUC's focus should prioritize maximizing the efficiency and effectiveness of LIURP while emphasizing excellent service to existing customers. Duquesne asserts that spreading limited resources over a larger group of customers diminishes the ability to provide participants with substantial benefits or meaningful assistance. Duquesne Comments at 22-23.

FirstEnergy PA asserts that the most effective approach to prevent customers from accumulating high arrearages is to offer them choices as soon as their accounts are past due. FirstEnergy PA considers the use of the FPIG for household income as the most useful method to simplify eligibility and coordinate with other assistance programs. It cautions that the adoption of other eligibility criteria could complicate coordination with other assistance programs. FirstEnergy PA Comments at 9-10.

FirstEnergy PA states that the regulations currently prioritize customers with the highest usage, lowest income, and highest arrears and asserts that LIURP should not extend eligibility to include further income levels. FirstEnergy PA suggests that customers be directed to additional available programs and services, such as Act 129 and "grants" for home improvement. FirstEnergy PA Comments at 9-10.

PPL states that public utilities should not wait until balances of $10,000 or more have accumulated to intervene in affordability issues. PPL asserts that the most efficient way to serve the LIURP eligible population is on a first-come, first-served basis with a public utility retaining the ability to prioritize as appropriate. PPL states that weatherization efforts are beneficial to all income-eligible customers regardless of arrearage size. PPL reiterates that CAP is the best tool to address large arrearage balances. PPL Comments at 21-22.

UGI acknowledges that full compliance with the proposed amendments and timelines will require additional legal, accounting, and consulting work. UGI states that it has not conducted a detailed analysis to identify all related changes and costs, and it reserves the right to supplement its comments with additional details in the future. UGI Comments at 13. Duquesne did not provide further details.

CAUSE-PA states that public utilities should be required to take a prevention-based approach at specific points to address high arrearages and avoid the accumulation of balances over $10,000. It suggests that this intervention should occur when a public utility detects a customer is having difficulty affording its bills in addition to when a customer seeks assistance. CAUSE-PA urges the PUC to establish statewide policies to ensure access to payment arrangements or to reset CAP benefits upon completion of program services, or both. CAUSE-PA asserts this would help improve LIURP participation and reduce overall collection and universal service program costs. CAUSE-PA Comments at 86.

CAUSE-PA recommends that public utilities be required to screen household income of all residential customers who request a payment arrangement and should refer customers to CAP, LIURP, and other universal service programs before issuing a payment arrangement. It suggests that public utilities should assist customers over the phone or provide a "warm transfer" to a universal service program administrator to complete an application and recommends that public utilities develop call scripts and call center training to implement this referral process. CAUSE-PA adds that referred customers should have a termination hold placed on their account while an application is pending and that the PUC should review public utilities' screening procedures as part of USECP reviews. CAUSE-PA notes that having this oversight is consistent with the PUC's duties at 66 Pa.C.S. § 2803 to oversee the universal service and energy conservation policies that include internal policies and procedures which impact the ability of low-income customers to maintain service. CAUSE-PA Comments at 87.

CAUSE-PA also recommends that public utilities proactively contact customers who have fallen more than one month behind on bills before initiating collection efforts. It states that emphasizing early intervention can help public utilities leverage LIURP as a prevention program. CAUSE-PA posits that public utilities could more accurately identify and better serve low-income customers by screening both new and transferring customers for income level when new service is established. CAUSE-PA suggests that customers could opt out of disclosing income but should be informed that they may be eligible for lower rates or energy efficiency measures. CAUSE-PA Comments at 87-88.

CAUSE-PA recommends that the PUC require public utilities to develop an auto-enrollment process for CAP using LIHEAP data when it becomes available through DHS. CAUSE-PA states that public utilities should begin planning to effectively use LIHEAP enrollment data to facilitate auto-enrollment. CAUSE-PA Comments at 88.

OCA notes that customers with high bills may have a high bill for reasons other than high-usage, such as customers enrolled with an energy supplier with a price higher than the public utility's Price to Compare. OCA recommends that public utilities use all the information they can access to help customers, including making recommendations about the costs they are paying for supply coupled with usage reduction, reaching out to customers to see if they are using space heaters before the bills get higher than can be paid, determining if fuel switching should be undertaken, or if ductless mini-split installation or other interventions are needed to reduce inefficient summer air conditioning. OCA Comments at 59.

TURN suggests that public utilities consider various criteria, such as the age of the residence and a customer's

average monthly bill, rather than relying on a specific arrearage amount. TURN recommends early referral of customers to LIURP, particularly before they accumulate significant arrearages. It further proposes that as soon as customers get behind on their bills that they be referred to the public utility's universal services coordinator. TURN Comments at 16.

Stakeholder Reply Comments on Question C

PPL disagrees with establishing statewide policies ensuring access to payment arrangements and resetting CAP benefits after providing program services completion, including debt forgiveness, and waiving maximum credit thresholds. PPL asserts its uncertainties regarding the potential impact for "resetting" CAP benefits and debt forgiveness, such as the potential impact on program costs recovered from ratepayers. In response to CAUSE-PA's recommendation that public utilities should prioritize contacting and referring customers to universal service programs if they fall behind on bills, PPL states that it already conducts extensive outreach to customers with arrearages. PPL reports that it automatically enrolls CAP customers in LIURP if their usage exceeds 18,000 kWh/year. PPL submits, however, that there is a need for collection efforts to prevent arrearages from escalating to unreasonable levels, which could negatively impact residential ratepayers. PPL RC at 14-15, citing CAUSE-PA Comments at 86-87.

OCA supports CAUSE-PA's recommendations to address resolving large balances and how to prevent them from occurring. OCA asserts that public utilities possess crucial data regarding customers with large arrearage balances, including if they were previously enrolled in CAP or referred to LIURP. OCA states that while some public utilities identify accounts with significant balances, they often do not effectively analyze the root causes of high balances. OCA disagrees that the issue is primarily due to customers refusing to pay their bills and suggests that LIURP, combined with CAP and payment arrangements, could help reduce arrearages. OCA RC at 94—96, citing CAUSE-PA Comments at 84—88.

Question D: How can coordination with other programs (e.g., Act 129) help customers with high arrearage balances who are income-ineligible for LIURP?

Stakeholder Comments on Question D

Duquesne, FirstEnergy PA, PPL, CAUSE-PA, OCA, and TURN individually commented regarding how program coordination can assist customers ineligible for LIURP and note that coordination efforts between LIURP and Act 129 programs have been in place since the inception of Act 129.

Duquesne submits that while these programs improve efficiency and reduce energy costs, they do not offer sufficient assistance for resolving high arrearage balances. Duquesne notes that LIURP participants are often eligible for and referred to CAP, where they can receive arrearage forgiveness and discounted monthly bills. Duquesne Comments at 23.

Duquesne asserts that both the PUC and public utilities should continue focusing on reducing customer usage through substantial efficiency measures, weatherization, and health and safety improvements. It emphasizes the need to prioritize serving existing customers more effectively than serving additional customers, which would be cost-prohibitive. Duquesne Comments at 23.

Duquesne highlights that customers can also receive assistance from Commonwealth or local agencies, churches, community organizations, and other entities. Duquesne asserts that a USECP proceeding is the suitable forum for addressing questions related to program coordination, emphasizing that the ongoing LIURP rulemaking proceeding is not appropriate for such considerations. Duquesne Comments at 23-24.

Duquesne acknowledges the PUC's interest in obtaining information about LIURP and its impact on customer bills and arrearages. Duquesne submits, however, that it is inappropriate to include such questions in a NOPR. It asserts that the additional questions posed in the 2023 NOPR Preamble do not support any proposed regulatory changes and seem to be a request for further information, which it submits is not suitable for a NOPR. Duquesne expresses uncertainty about how the PUC intends to use the information gathered from stakeholders in response to these questions. Duquesne Comments at 19.

FirstEnergy PA states that it directs customers who do not meet LIURP eligibility to its Act 129 Residential Energy Audit Program where they can receive the following at no cost: a comprehensive energy audit, visual inspection for health and safety concerns, an energy report suggesting low-cost energy-saving measures, air leak testing, and energy-saving products valued at up to $300. It also offers rebates for air and duct sealing and insulation. FirstEnergy PA asserts that these types of programs help customers find areas where they can implement improvements to lower their energy costs. FirstEnergy PA Comments at 10.

PPL states that it closely coordinates its LIURP with Act 129. PPL states that it looks to see how its LIURP and its Act 129 programs can be used in tandem to deliver the greatest benefit to customers. It cites the example of using health and safety dollars from LIURP to allow customers to receive additional Act 129 measures. PPL Comments at 22.

CAUSE-PA supports strong coordination between Act 129 and LIURP. It encourages the PUC to require EDCs to make a greater effort to coordinate Act 129 with other sources of low-income energy assistance, including LIURP. CAUSE-PA notes that the PUC must be careful that coordination between Act 129 and LIURPs do not compromise the integrity of the program budgets. CAUSE-PA Comments at 89-90.

CAUSE-PA recommends that the PUC encourage EDCs to use the same contractors for LIURP and Act 129 work to help limit deferrals, reduce contractor visits, leverage limited health and safety budgets, and maximize savings and comfort achieved for the participant. CAUSE-PA also recommends that EDCs standardize application and enrollment forms across energy efficiency and universal service programs to facilitate program referrals while limiting unnecessary deferrals or rejections. It states that the PUC should also require EDCs to work with NGDCs to standardize application and enrollment forms for Act 129, LIURP, and any voluntary gas efficiency programs. CAUSE-PA Comments at 90-91.

OCA states that both intra-utility coordination and inter-utility coordination with Act 129, LIURP, and other programs can maximize available resources for customers and benefit customers with high arrearage balances. OCA notes that a programmable thermostat provided by an NGDC's voluntary energy efficiency program would benefit both electric and natural gas LIURP-eligible customers. It states that a programmable thermostat could help

the income-eligible customer better use energy in accordance with its household needs and allow the customer greater control over their energy usage. OCA Comments at 59-60.

TURN encourages enhanced communication and coordination between LIURP and Act 129 administrators to prevent redundant efforts and optimize assistance for low-income consumers. TURN suggests that this coordination could extend to using the same contractors for both programs to minimize the need for multiple home visits. TURN Comments at 16.

Question E: What other avenues should be considered, in combination with or separate from LIURP, to help public utility customers maintain service if they have arrearage balances near or exceeding $10,000? What programs exist or could be recommended to address the existing arrearage for customers income-eligible for CAPs so as not to burden ratepayers with write-offs of accumulated arrearages in the future?

Stakeholder Comments on Question E

Duquesne notes that ideally, customers facing financial hardship with accumulated balances in the thousands of dollars should apply for available grant programs and enroll in CAP once grants are received, paying down outstanding debt. Duquesne notes that it offers payment arrangements and budget billing to help customers manage payments and avoid termination threats. Duquesne submits that the PUC should collaborate with public utilities and stakeholders to secure Federal funding from the Infrastructure Investment and Jobs Act and/or Inflation Reduction Act for programs reducing customers' bills. Duquesne provides examples such as weatherization and deploying solar and distributed energy resources to sustainably offset bills while minimizing costs for nonparticipating customers. Duquesne suggests the PUC remains open to innovative programs and rates for assisting customers with energy expenses and bill payment, although noting that it is beyond the scope of the LIURP rulemaking. Duquesne provides examples from other jurisdictions, such as real-time alerts, beneficial electrification, pre-payment programs, and subscription/flat rates. Duquesne Comments at 24-25.

Duquesne emphasizes that LIURP is ineffective for addressing high arrearages, urging the PUC to explore non-utility bill-funded solutions. Duquesne recommends conducting a cost-benefit analysis before expanding any public utility assistance program, including LIURP, to ensure programs deliver value-added service and meet key metrics. Duquesne Comments at 25.

OCA opines that CAP customers could be given additional arrearage forgiveness as they generally receive only one chance for arrearage forgiveness regardless of the amount of balance forgiven or whether the customer has re-enrolled in CAP. OCA recommends that the PUC examine ways to better leverage hardship fund dollars and LIHEAP dollars to assist low-income customers with reducing balances. OCA notes that these grants are not sufficient to address a $10,000 arrearage balance. OCA further recommends that the PUC consider whether a portion of hardship fund dollars could be increased and targeted at low-income customers with large balances who may be unable to gain access to sufficient resources to allow for service restoration. In addition, OCA notes that the PUC should also consider how to leverage payment arrangements. OCA Comments at 61.

CAC recommends that the PUC further examine the causes that led to such high balances on residential accounts and investigate whether high-usage was a contributing factor and whether these customers qualify for treatment under LIURP. CAC Comments at 5.

PPL opines that the PUC and interested parties need to better understand how residential customers accumulate high balances. PPL states factors driving those arrearages include broken payment arrangements and failure to apply or recertify for CAP. PPL claims that arrearages are not necessarily tied to weatherization. PPL notes that medical certifications and dispute processes can prolong periods during which customers do not pay bills. While PPL agrees that protections should be in place for at-risk customers, PPL recommends that the PUC reevaluate the consumer protection methods that allow customers to reach such high balances. PPL Comments at 22.

Peoples notes that it has not yet evaluated the specific cost impacts or potential savings related to the proposed amendments to the LIURP regulations. Peoples is concerned about using ratepayer dollars to weatherize non-low-income households with high arrearages under LIURP. Peoples argues that customers failing to meet monthly payment responsibilities should not be rewarded with home improvements funded by other ratepayers, particularly ALICE ratepayers. Peoples submits that LIURP's primary role is to reduce household consumption, not only by making services more affordable for direct recipients but also minimizing CAP credits borne by ratepayers for high users participating in CAP. Peoples Comments at 3—5.

FirstEnergy PA, CAUSE-PA, and TURN emphasize that other low-income programs (i.e., CAPs, hardship funds, CARES, 211, etc.) are other options for LIURP-eligible customers. FirstEnergy PA avers that coordinating with other programs facilitates expense sharing for weatherization and creates more cost-effective resources and objectives. CAUSE-PA adds that while the opportunity to review the regulatory framework for CAP and LIURP in tandem has passed, CAUSE-PA still urges the PUC to initiate a comprehensive CAP rulemaking to reform various program rules that serve to undermine program effectiveness. FirstEnergy PA Comments at 10-11; CAUSE-PA Comments at 91-92; and TURN Comments at 16.

Stakeholder Reply Comments on Question E

OCA opposes Duquesne's proposed alternative solutions to addressing high arrearages. OCA asserts that Duquesne's proposal comes with significant potential for customer harm for those whose utility service is terminated or is in danger of termination. OCA RC at 98, citing Duquesne Comments at 24-25.

OCA submits that prioritizing high arrearage balance CAP participants can help customers better manage their bills to prevent low-income customers from getting into the $10,000 balance range. OCA notes that each of the public utilities identified LIURP as a preventative tool, but OCA notes that the preventative tool can be leveraged with other potential solutions. OCA submits that the PUC should consider the positive alternatives offered by OCA, CAUSE-PA, and TURN regarding addressing high arrearage balances. OCA RC at 99.

Review of Stakeholder Comments on Questions A—E

We agree with stakeholders that suggest using a holistic approach, coordinating LIURP with the other universal service programs, Act 129, and/or other Commonwealth or Federal assistance programs, to address high

arrearage balances and help customers maintain public utility service. We also agree with stakeholders that the most effective means of addressing the accumulation of high arrearage balances is prevention and intervention, as early as possible, when a customer's account becomes past due.

To qualify for arrearage forgiveness, an eligible customer must participate in their public utility CAP. Some stakeholders recommended that participation in LIURP should also qualify eligible customers for arrearage forgiveness in CAP, even if the customer has already received or is already receiving arrearage forgiveness through CAP.

Some stakeholders recommended that electric and natural gas public utilities standardize applications and enrollment forms across universal service programs in combination with other effective approaches to make it easier for eligible customers to access all available assistance resources to address high balances. We note that a standardized common application form for all universal service programs was developed by a Universal Service Working Group.[116] The PUC has already encouraged all electric, natural gas, water, and wastewater public utilities to adopt the standardized common application form for their universal service programs.

While the stakeholder responses to these questions have informed our consideration of the final-form regulations, we have not made any revisions in the final-form regulations specifically attributable to the responses. CAP participation is not a requirement for LIURP eligibility. High-usage, arrearages, and income parameters set the priority considerations for eligible LIURP participants. See the existing § 58.10(a) regarding priority for receipt of program services and the final-form § 58.10(a). LIURP conservation and efficiency efforts do not always result in lower energy bills or reduced usage for households receiving LIURP. CAP bill (i.e., asked-to-pay or ATP) amounts do not necessarily change as a result of a household receiving program services. Although it can be noted that when CAP participation is coupled with LIURP participation, the impact may lower a public utility's CAP shortfall[117] by reducing the quantity of energy consumed.[118] 2016 Secretarial Letter at 5-6.[119] Notwithstanding, we do find many of these recommendations worthy of further discussion and consideration in a future universal service proceeding or rulemaking.

Conclusion

Accordingly, under sections 501, 1501, 2203, and 2804 of the Public Utility Code (66 Pa.C.S. §§ 501, 1501, 2203, and 2804); section 201 of the Act of July 31, 1968, (P.L. 769, No. 240), referred to as the Commonwealth Documents Law (45 P.S. § 1201), and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1, 7.2, and 7.5 (relating to notice of proposed rulemaking required; adoption of regulations; and approval as to legality); section 732-204(b) of the Commonwealth Attorneys Act (71 P.S. § 732-204(b)); section 745.5 of the Regulatory Review Act (71 P.S. § 745.5); and section 612 of The Administrative Code of 1929 (71 P.S. § 232), the regulations promulgated thereunder at 4 Pa. Code §§ 7.231—7.234 (relating to fiscal note), having reviewed the comments and reply comments to the 2016 Secretarial Letter, completed another round of periodic USECP proceedings, revised the PUC's 2020 CAP Policy Statement, and reviewed the comments and reply comments to the proposed revisions to the existing LIURP regulations in the 2023 NOPR, by entry of this FFRO, we adopt as final the revisions to 52 Pa. Code §§ 58.1—58.19, as set forth in Annex A, attached hereto.

The final-form regulations will become effective upon publication in the *Pennsylvania Bulletin*; compliance is required within 12 months after the effective date, except for the requirement to begin reporting data on LIURP deferrals in § 58.15a(3)(i), which is required within 24 months after the effective date. As noted above, to calculate a specific effective date and a specific compliance date after the publication date for these final-form regulations, the PUC would have to preemptively calculate the date on which the FFRO (Preamble and Annex) is published in the *Pennsylvania Bulletin*. At this point, a publication date is unknown and unknowable. LRB will review this FFRO prior to its publication. The PUC will coordinate with LRB during LRB's galley work prior to publication of the FFRO to have actual effective and compliance dates published in the FFRO for these final-form regulations. A public utility may request to bring an existing LIURP or a proposed LIURP into compliance with the final-form regulations after the effective date but prior to the compliance date; *Therefore*,

It Is Ordered:

1. That the Public Utility Commission hereby adopts and enters the final-form regulations at 52 Pa. Code §§ 58.1—58.18 (relating to residential low-income usage reduction programs) as set forth in Annex A by entry of this Final-Form Rulemaking Order.

(*Editor's Note*: Sections 54.75 and 62.5 are included in this rulemaking to delete the citation to § 58.15, which is being deleted from Title 52, and update the citation to § 58.15a (relating to LIURP reporting and evaluation).)

2. That the Secretary will serve a copy of this Final-Form Rulemaking Order (Preamble and Annex A) on all jurisdictional electric distribution companies and all natural gas distribution companies, including city natural gas distribution operations, and all other parties to this proceeding.

3. That a copy of this Final-Form Rulemaking Order (Preamble and Annex A) will be posted and made available for electronic download on the Public Utility Commission's website.

4. That the Law Bureau will deliver this Final-Form Rulemaking Order (Preamble and Annex A) with the regulatory packet, on the same day, to:

a. The Majority and Minority Chairs of the Senate Committee on Consumer Protection and Professional Licensure.

b. The Majority and Minority Chairs of the House Consumer Protection, Technology and Utilities Committee.

c. The Independent Regulatory Review Commission, with confirmations of receipt from the Legislative Standing Committees.

[116] See 2023 Review of All Jurisdictional Fixed Utilities' Universal Service Programs, Docket No. M-2023-3038944 (Order entered on August 22, 2024).

[117] The CAP shortfall (also known as the CAP credit) is the difference between the actual tariff rate for jurisdictional residential energy service and the discounted amount that a CAP participant is expected/asked to pay for that service. The amount that a CAP participant is asked to pay is typically a percent of household income (PIP) or a percentage of the public utility's tariff rate for the service rendered.

[118] The ATP amount for a CAP participant may only cover a portion of the tariff cost of energy that the customer uses. In some cases, the ATP is tied to usage; in other cases, it might be based on a percent of income or other formula not based solely on usage.

[119] For a discussion of LIURP in relation to other universal service and energy conservation programs, see Re Guidelines for Universal Service and Energy Conservation Programs, 178 P.U.R. 4th 508 (July 11, 1997), which clarified the incorporation of the LIURP regulations into universal service and energy conservation programs.

5. That, upon final approvals by the Legislative Standing Committees and the Independent Regulatory Review Commission, the Law Bureau will deliver this Final-Form Rulemaking Order (Preamble and Annex A), with the regulatory packet, to the Office of Attorney General for review as to form and legality and to the Governor's Budget Office for review of fiscal impact.

6. That, upon final approvals by the Office of Attorney General and the Governor's Office of the Budget, the Law Bureau will deliver this Final-Form Rulemaking Order (Preamble and Annex A), with the regulatory packet, to the Legislative Reference Bureau for publication of the Final-Form Rulemaking Order (Preamble and Annex A) in the *Pennsylvania Bulletin*.

7. That the final-form regulations embodied in Annex A will become effective upon publication of the Final-Form Rulemaking Order (Preamble and Annex A) in the *Pennsylvania Bulletin*. Compliance will be required within 12 months after the effective date, except compliance for the requirement to begin reporting data on LIURP deferrals in 52 Pa. Code § 58.15a(3)(i), will be required within 24 months after the effective date. The Law Bureau will coordinate with the Legislative Reference Bureau to calculate and insert an effective date and compliance dates in the Final-Form Rulemaking Order (Preamble and Annex A) based on the date the Final-Form Rulemaking Order (Preamble and Annex A) is to be published in the *Pennsylvania Bulletin*.

8. That a public utility may request to bring its existing Low-Income Usage Reduction Plan or its proposed Low-Income Usage Reduction Plan into compliance with the final-form regulations after the effective date but prior to the compliance date of the final-form regulations.

9. That the contact persons for this proceeding are Regina Carter, Bureau of Consumer Services, 717-425-5441, regincarte@pa.gov; Stephanie Wilson, Law Bureau, stepwilson@pa.gov; Erin Tate, Law Bureau, etate@pa.gov; Louise Fink Smith, Law Bureau, finksmith@pa.gov; and Karen Thorne, Regulatory Review Assistant, Law Bureau, kathorne@pa.gov.

ROSEMARY CHIAVETTA,
Secretary

ORDER ADOPTED: March 13, 2025

ORDER ENTERED: March 13, 2025

Statement of Commissioner Kathryn L. Zerfuss

Before the Commission today is the Final Rulemaking Order adopting amendments to our Low-Income Usage Reduction Program (LIURP) regulations, 52 Pa. Code §§ 58.1—58.18.[120] I would like to thank the Law Bureau and the Bureau of Consumer Services for their diligent work in creating this comprehensive regulatory package, as well as the commenters whose views enriched these amendments. As the LIURP regulations have not been amended since 1998, these updates to the regulations are important to keep up with the energy transition and technology improvements and to foster coordination among energy reduction programs to ensure a streamlined, cost-efficient approach to achieving energy reduction that benefits customers and utilities.

As a state agency, we must consider how to design our policies to ensure access to affordable energy during this energy transition. In doing so, it is important that we provide eligible customers with enhanced access to LIURP and other customer assistance programs and provide education to help customers achieve energy efficiency and conservation. By achieving energy reduction, we are also working to ensure we have enough power on the grid to meet our needs now and in the future. This rulemaking helps accomplish these goals.

The regulations give eligible customers easier access to beneficial programs and information about the programs by requiring that public utilities coordinate their LIURPs with their other customer assistance programs and with other public or private programs that provide energy assistance to the community, including LIHEAP. Annex, § 58.7. Similarly, requiring public utilities to coordinate their program-related services, including energy audits and post- installation inspections, with other public utilities' LIURPs and other conservation programs or energy assistance programs may result in cost savings for utilities and their customers and enable eligible customers to readily receive services from different utilities serving them; for example, gas and water utilities. Annex A, § 58.14c. The regulations include robust outreach provisions that are specifically directed to individuals who may be eligible for LIURP services and require advertisements for LIURP to be in a language or method of communication appropriate to the utility's target audience to ensure potential LIURP recipients have an equal opportunity to access energy resources. The regulations also require public utilities to provide energy conservation education to LIURP recipients to maximize the energy savings that come from the installation of program measures. Annex, §§ 58.9(a), 58.13.

Moreover, the Commission has identified the installation of renewable energy sources as a potential pilot program for LIURP and is encouraging public utilities to explore incorporating renewable energy into their LIURPs. Annex A, § 58.13a(a)(2). I believe it is important that we continue to promote and educate customers about energy efficiency measures to help reduce energy usage and drive household decarbonization. The LIURP regulations help to achieve this, while also improving coordination and efficiency within our public utilities' customer assistance programs to maximize the allocated dollars for these programs.

KATHRYN L. ZERFUSS,
Commissioner

DATE: March 13, 2025

(*Editor's Note*: See 55 Pa.B. 7063 (October 4, 2025) for IRRC's approval order.)

Fiscal Note: Fiscal Note 57-340 remains valid for the final adoption of the subject regulations.

Annex A

TITLE 52. PUBLIC UTILITIES

PART I. PUBLIC UTILITY COMMISSION

Subpart C. FIXED SERVICES PUBLIC UTILITIES

CHAPTER 54. ELECTRICITY GENERATION CUSTOMER CHOICE

Subchapter C. UNIVERSAL SERVICE AND ENERGY CONSERVATION REPORTING REQUIREMENTS

§ 54.75. Annual residential collection and universal service and energy conservation program reporting requirements.

* * * * *

[120] LIURP is a program sponsored by electric and natural gas public utilities that provides weatherization and energy usage reduction services to help eligible Pennsylvania families. The utilities' LIURPs provide customers and utilities with positive impacts through energy savings, bill reduction, improved health, safety, and comfort levels, arrearage reduction, reduced collection activity, improved bill payment behavior, and reduced use of supplemental fuels and secondary heating devices. (*Editor's Note*: Footnote 120 is numbered sequentially for publication purposes, it is actually footnote 1 in the original statement.)

(2) Program reporting shall be categorized as follows:

* * * * *

(ii) Additional program data for individual universal service and energy conservation components shall include the following information:

(A) *LIURP.* Reporting requirements as established at § 58.15a (relating to LIURP reporting and evaluation).

* * * * *

CHAPTER 58. RESIDENTIAL LOW-INCOME USAGE REDUCTION PROGRAMS

§ 58.1. Statement of purpose.

The purpose of this chapter is to require a public utility, as defined in § 58.2 (relating to definitions), to establish a fair, effective and efficient Low-Income Usage Reduction Program (LIURP) for its residential eligible customers. A LIURP that meets the requirements of this chapter is intended to decrease a LIURP participant's energy usage and public utility bills or to improve health, safety and comfort levels of household members, or both. A reduction in energy usage creates the opportunity for cost savings, which can lessen the incidence and risk of customer payment delinquencies and the attendant public utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs. A reduction in the residential demand for energy can also result in cost reductions related to the purchase of fuel or of power for all customers.

§ 58.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Administrative costs—Expenses not directly related to the provision of program services. The term may include salaries, fringe benefits and related personnel costs for administration, secretarial and clerical support involved in fiscal activities, planning, personnel administration, and the like; office expenses, such as rents, postage, copying and equipment; and other expenses, such as quality control and evaluation expenses, advertising, training and insurance.

BCS—Bureau of Consumer Services—The Commission's bureau with the responsibility to advise the Commission regarding universal service matters including the oversight of the review process of a public utility's universal service programs.

CAP—Customer Assistance Program—A universal service program, as approved by the Commission, that provides payment assistance or pre-program arrearage forgiveness, or both, to a low-income residential customer.

CAP shortfall—The difference between the actual tariff rate for jurisdictional residential energy service and the amount charged on a CAP participant's bill. This term is synonymous with "CAP credits."

CARES—Customer assistance and referral evaluation services—A universal service program, as approved by the Commission, that provides a referral-based approach or a casework approach, or both, to help a payment-troubled customer secure energy assistance funds and other needed services to maximize the customer's ability to pay utility bills.

CBO—Community-based organization—A public or private nonprofit organization that is representative of a community or a significant segment of a community and that works to meet community needs.

CNGDO—City natural gas distribution operation—A collection of real and personal assets used for distributing natural gas to retail gas customers owned by a city or a municipal authority, nonprofit corporation or public corporation formed under 66 Pa.C.S. § 2212(m) (relating to city natural gas distribution operations). Under 66 Pa.C.S. § 2212(c), for the purposes of universal service and energy conservation, a CNGDO is subject to the same requirements, policies and provisions applicable to a NGDC.

Commission—The Pennsylvania Public Utility Commission.

De facto heating—Use of an alternative heating source as the primary heating source when the primary or central heating system is nonfunctioning or public utility service has been terminated.

Dwelling—A structure being supplied with residential utility service such as a house, apartment, mobile home or single-metered multiunit under § 56.2 (relating to definitions).

EDC—Electric distribution company—A public utility providing jurisdictional electric distribution service as defined in 66 Pa.C.S. § 2803 (relating to definitions). This term is synonymous with "electronic distribution utility" as defined in § 56.2.

ESP—Energy service provider—An organization, contractor, subcontractor or public utility representative responsible for providing program services on behalf of a public utility.

Eligible customer—A space-heating, space-cooling, water-heating or high-use electric baseload low-income or special needs residential customer who meets the criteria for a public utility's LIURP, as specified in its approved USECP.

Energy audit—An initial assessment of a dwelling performed by an ESP to determine the energy usage and appropriate program services.

Energy conservation education—A presentation, workshop, training or instruction in which energy conservation objectives and techniques are explained or presented to a group or an individual.

Energy savings—An amount of saved energy determined by comparing the energy usage before the provision of program services and after the provision of program services.

FPIG—Federal Poverty Income Guidelines—The income levels published annually in the *Federal Register* by the United States Department of Health and Human Services. This term is synonymous with "Federal poverty level."

Hardship fund—A universal service program, as approved by the Commission, that provides cash assistance to help eligible customers address energy needs, which may include paying energy bills, restoring public utility service or stopping a termination of public utility service.

Health and safety measure—A program measure or repair necessary to maintain and protect the physical well-being and comfort of an occupant of a dwelling or an ESP while performing a LIURP job, or both.

Impact evaluation—An evaluation that focuses on the degree to which a universal service program achieves the

continuation of utility service to program participants at a reasonable cost level and otherwise meets program goals.

Incidental repair—Work necessary to permit the installation of a program measure including a repair to an existing measure to make it operate more effectively.

LIHEAP—Low-Income Home Energy Assistance Program—A Federally funded program, administered in this Commonwealth by the Department of Human Services, which provides financial assistance grants to low-income households for home energy bills.

LIURP—Low-Income Usage Reduction Program—A universal service program, as approved by the Commission, that provides energy usage reduction services, health, safety and comfort services, conservation education services or a combination of these services for an eligible customer.

LIURP budget—The expected cost of providing program services in a given program year, as approved by the Commission.

LIURP costs—The amount of LIURP funds spent by the public utility on LIURP under this chapter.

LIURP funding mechanism—The process and method by which the public utility recovers its costs of providing approved program services.

LIURP funds—The proceeds recovered through a public utility's LIURP funding mechanism to recover LIURP costs.

LIURP job—The act of providing program services to a dwelling by an ESP, which can include an energy audit, installation or modification of program measures, energy conservation education and inspecting the dwelling for efficiency upon completion.

Low-income customer—A residential public utility customer whose annual gross household income is at or below 150% of the FPIG.

NGDC—Natural gas distribution company—A public utility providing jurisdictional natural gas distribution service as defined in 66 Pa.C.S. § 2202 (relating to definitions). This term is synonymous with "natural gas distribution utility (NGDU)," as defined in § 56.2. This term includes a regulated CNGDO for universal service and energy conservation purposes under 66 Pa.C.S. § 2212(c).

Payment-troubled customer—A customer who has an arrearage or has failed to maintain one or more payment arrangements in a 1-year period.

Pilot program—A program, as approved by the Commission, to operate within the public utility's LIURP, to develop, implement and evaluate new or innovative methods for achieving the purposes of this chapter.

Post-installation inspection—An assessment performed by an ESP to determine the efficacy of program measures installed at a dwelling.

Program measure—An installation and other work performed on a dwelling under this chapter.

Program service—A service offered or work performed by a public utility or its ESP under this chapter.

Program year—The calendar year period beginning January 1 and ending on December 31.

Public utility—

(i) An EDC with at least 60,000 residential customers.

(ii) An NGDC with at least 100,000 residential customers.

Residential high-use electric baseload customer—A residential customer using electric service from the EDC for purposes other than space-heating, space-cooling or water-heating.

Residential space-heating or space-cooling customer—A residential customer using the electric or natural gas service provided by the public utility as the primary heating source or primary cooling source for the dwelling.

Residential water-heating customer—A residential customer using the electric or natural gas service provided by the public utility to provide water-heating as the primary heating source for the dwelling.

Special needs customer—A customer with household income between 151% and 200% of the FPIG who meets additional criteria specified in a public utility's approved USECP. The additional criteria may include requiring that one or more household members meet any of the following criteria:

(i) Are 62 years of age and over or 5 years of age and under.

(ii) Have a disability.

(iii) Are under a protection from abuse order or other court order that contains clear evidence of domestic violence.

USAC—Universal service advisory committee—A group of stakeholders who meet at least semiannually, receive universal service program updates and provide feedback on proposed public utility USECP initiatives.

USECP—Universal service and energy conservation plan—A documented and Commission-approved plan assessing the need for assistance in a public utility's service territory and describing the benefits, policies, procedures and budgets related to the public utility's universal service and energy conservation programs under §§ 54.74(b) and 62.4(b) (relating to universal service and energy conservation plans).

Universal service programs—The policies, protections and services that a public utility is required to offer under 66 Pa.C.S. §§ 2203(8) and 2804(9) (relating to standards for restructuring of natural gas utility industry; and standards for restructuring of electric industry) to help low-income customers maintain public utility service and conserve energy. This term is synonymous with "universal service and energy conservation programs" and includes payment assistance programs, termination of service protections, energy usage reduction programs and consumer education programs. LIURP, CAP, CARES and hardship fund are the four mandatory universal service program components of a public utility's USECP; other programs are permissible if approved in a Commission proceeding.

Weatherization—The process of modifying a dwelling to reduce energy consumption and improve energy efficiency.

§ 58.3. Establishment and maintenance of a residential LIURP.

A public utility shall establish and maintain a LIURP for its eligible customers.

§ 58.4. LIURP budgets.

(a) {Reserved}.

(a.1) *General*.

(1) A public utility shall include proposed annual LIURP budgets for the term of a proposed USECP that is filed with the Commission for review and approval.

(2) Upon approval of the USECP by the Commission, the public utility shall continue providing program services at the LIURP budget levels approved in the USECP until the LIURP budget is revised in a future Commission proceeding.

(a.2) *Special needs customers*. A public utility may spend up to 25% of its annual LIURP budget on eligible special needs customers as defined in § 58.2 (relating to definitions).

(b) {Reserved}.

(c) *Guidelines for establishing or revising a LIURP budget.* A public utility's LIURP funding level shall be computed based upon the following factors:

(1) The estimated number of customers by FPIG levels identified through census data:

(i) 0%—50%.

(ii) 51%—100%.

(iii) 101%—150%.

(iv) 151%—200%.

(2) The number of confirmed low-income customers by FPIG levels:

(i) 0%—50%.

(ii) 51%—100%.

(iii) 101%—150%.

(iv) 151%—200%.

(3) The number of special needs customers.

(4) The number of eligible confirmed low-income customers that could be provided program services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, program services.

(5) The number of eligible special needs customers that could be provided program services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, program services.

(6) The expected customer participation rates for eligible customers. Expected participation rates shall be based on the number of eligible confirmed low-income customers and historical participation rates.

(7) The total expense of providing program services, including costs of program measures, energy conservation education and training expenses and prorated expenses for LIURP administration.

(8) A plan for providing program services to eligible customers within a reasonable period of time, with consideration given to ESP capacity necessary for provision of services, including time and materials, and the impact on public utility rates.

(d) {Reserved}.

(d.1) *Unspent LIURP funds.* A public utility shall annually reallocate unspent LIURP funds to the LIURP budget for the following program year unless an alternate use is approved by the Commission. An alternate use may include using unspent LIURP funds to provide program services to eligible customers with household income up to 250% of the FPIG.

(e) *Recovery of LIURP costs.*

(1) LIURP costs incurred by a public utility are to be funded by a nonbypassable, competitively neutral cost mechanism under 66 Pa.C.S. § 2203 (relating to standards for restructuring of natural gas utility industry) or under 66 Pa.C.S. § 2804 (relating to standards for restructuring of electric industry) allotted among ratepayers. The precise method of allocation between capital and expense accounts shall be determined in future rate proceedings.

(2) Recovery of LIURP costs will be subject to Commission review of the prudence and effectiveness of a public utility's administration of its LIURP.

(3) The LIURP funding mechanism and the allocation between capital and expense accounts will be determined in a public utility's rate proceeding.

§ 58.5. Administrative costs.

(a) *LIURP administrative costs*. A public utility may not spend more than 15% of its annual LIURP budget on administrative costs, as defined in § 58.2 (relating to definitions).

(b) *LIURP pilot program administrative costs*. The administrative costs associated with an approved pilot program are exempt from the 15% cap on LIURP administrative costs. A public utility shall track the administrative costs of a pilot program separately from the other costs of the pilot program.

§ 58.6. Consultation.

A public utility, when developing a proposal to modify its LIURP design or developing a pilot program, shall consult with its USAC and persons and entities with experience in the design or administration of usage reduction, energy efficiency and weatherization programs. Persons and entities consulted may also include past recipients of weatherization services, social service agencies and community groups.

§ 58.7. Integration.

(a) {Reserved}.

(b) A LIURP shall be designed to operate in conjunction with the public utility's other universal service programs as defined in § 58.2 (relating to definitions) and other relevant public or private programs that provide energy assistance or similar assistance to the community. The public utility shall provide direct assistance or arrange third-party assistance for LIURP participants applying for LIHEAP as defined in § 58.2 and other energy assistance programs, based on income-eligibility.

(c) {Reserved}.

§ 58.8. Tenant household eligibility.

(a) *Tenant household.* An eligible customer who is a tenant that resides at a dwelling, as defined in § 58.2 (relating to definitions), shall have an equal opportunity to receive program services.

(1) A tenant household may be eligible for the installation of program measures if the landlord has granted permission to the public utility by verbal, written or

electronic means and the public utility documents the landlord's consent for the ESP to perform work on the dwelling. A public utility shall provide a copy of the landlord's documented consent form to the landlord and to the tenant household.

(2) If the landlord does not grant permission for the installation of program measures, the tenant household remains eligible for baseload measures and energy conservation education that do not require landlord permission.

(b) *Landlord contributions*. A public utility may seek landlord contributions. A public utility may not refuse to provide program services to an eligible tenant household because the landlord refuses to make a contribution. Contributions from landlords shall be used by the public utility to supplement its approved LIURP budget. The public utility shall report landlord contributions under § 58.15a (relating to LIURP reporting and evaluation).

(c) *Tenant household protections.* A public utility shall require a landlord to agree that rent for the dwelling unit that receives program measures will not be raised unless the increase in rent is solely related to matters other than the installation of the program measures and that the tenant household will not be evicted for a stated period of time of at least 12 months after the installation of the program measures unless the tenant household fails to comply with ongoing obligations and responsibilities owed the landlord.

§ 58.9. LIURP outreach.

(a) A public utility shall, at least annually, review its customer records to identify customers who appear to be eligible for LIURP and provide a targeted communication with a description of program services and eligibility rules to each customer identified through this procedure so as to solicit applications for consideration of program services. A copy of this notice shall also be provided to its USAC. A public utility shall additionally make this notice available in a language other than English when census data indicates that 5% or more of the residents in the public utility's service territory are using the other language. A public utility shall consult with its USAC at least annually to identify other language needs and consider providing public service announcements regarding its LIURP in media outlet sources, such as print, broadcast and social media platforms.

(1) {Reserved}.

(2) {Reserved}.

(3) {Reserved}.

(b) If, after implementing notice requirements of subsection (a), additional funding resources remain, the public utility shall attempt to make additional contact with eligible customers who have not responded to earlier LIURP outreach announcements.

§ 58.10. Prioritization of program services.

(a) A public utility shall prioritize the offering of program services to eligible customers in the following order:

(1) Among eligible customers, those with the largest energy usage and greatest opportunities for public utility bill reductions relative to the cost of providing program services, including CAP shortfall, shall be offered program services first. Prioritization criteria include the following:

(i) When prioritizing eligible customers by usage level, several factors shall be considered when feasible. These factors may include the following:

(A) The size of the dwelling.

(B) The number of occupants.

(C) The number of consecutive months of public utility service at the dwelling.

(D) The opportunity for coordination with other available programs.

(E) The end uses of the public utility service.

(ii) When prioritizing eligible customers by opportunities for public utility bill reductions, a public utility may also consider factors that tend to facilitate public utility bill reductions.

(2) Among customers with the same standing with respect to paragraph (1), when feasible, priority shall be given to customers in the following sequence:

(i) Customers in CAP with the largest in-program arrearage as a percentage of their household income.

(ii) Non-CAP customers with the largest arrearage as a percentage of their household income.

(3) Among the customers with the same standing with respect to paragraph (2), those with incomes at the lowest FPIG level shall be offered program services first.

(b) An EDC shall use the prioritization provisions in this section to determine the amount of its annual LIURP budget to be allocated for program services available to electric residential space-heating or space-cooling customers, electric residential water-heating customers and residential high-use electric baseload customers.

(c) {Reserved}.

(d) A public utility may not restrict participation in LIURP to customers enrolled in a CAP. If a customer is CAP-eligible, participation in CAP shall be encouraged but not required to receive program services.

(e) A public utility shall document its prioritization protocols in its USECP.

§ 58.11. Energy audit.

(a) If a LIURP applicant is eligible to receive program services, the public utility shall arrange for an energy audit to be performed by an ESP to determine if the installation of program measures or if the provision of other program services or if both would be appropriate.

(b) {Reserved}.

(c) To evaluate whether the installation of program measures on a dwelling is appropriate, the energy audit shall determine whether both of the following apply:

(1) A program measure is not already present or is not performing effectively.

(2) The total estimated energy savings would exceed the cost of installation of all program measures over the expected lifetime of those program measures.

(d) Notwithstanding subsection (c), a public utility may determine that providing a program measure is necessary for the long-term health, safety and comfort levels for the occupants regardless of the estimated energy savings.

§ 58.11a. Fuel switching.

LIURP funds may be used for program measures that involve fuel switching between electric and natural gas when the public utility provides both electric and natural gas utility service to the LIURP participant.

§ 58.12. Incidental repairs and health and safety measures.

(a) *Criteria and services.* A public utility shall identify in its USECP the criteria used for performing incidental repairs and health and safety measures as follows:

(1) *Incidental repairs*. Expenditures on program measures may include incidental repairs to the dwelling needed to make those program measures operate effectively.

(2) *Health and safety measures*. These measures may include installing smoke alarms or carbon monoxide detectors, performing combustion testing and identifying and remediating potential hazards such as knob and tube wiring, mold, asbestos and moisture.

(b) *Allowances*. A public utility shall establish separate allowance limits for incidental repairs and for health and safety measures, approved through a Commission proceeding.

(c) *Deferral*. A public utility may defer a dwelling due to health, safety or structural problems or a combination of these problems that either do not meet the criteria or exceed the maximum budget allowances for incidental repairs or health and safety measures and the deferral problems cannot be addressed through coordination with other available programs. The following apply:

(1) If deferral is necessary, the public utility shall inform the customer in writing of the conditions that must be met for program services to be installed and provide the customer with referral assistance to organizations or other programs that can address the deferral condition or conditions, if these resources are known to be available.

(2) A public utility shall track and maintain a list of dwellings deferred and the reason for the deferral within the past 3 years. This information shall be reported under § 58.15a (relating to LIURP reporting and evaluation).

§ 58.13. Energy conservation education.

(a) *Applicability.* A public utility shall provide energy conservation education services to LIURP recipients so that maximum energy savings can be derived from the installation of program measures and through the modification of energy-related behavior, including water consumption. Energy conservation education should also address regular utility bill payment behavior, and the public utility shall provide direct assistance to each customer who receives program services in making application to secure available energy assistance funds.

(b) *LIURP budget*. The portion of the LIURP budget allocated for energy conservation education services shall be sufficient to provide these services to each customer who receives other program services. Energy conservation education programs that have average costs which exceed $150 per program recipient household shall be submitted for review and approval through a Commission proceeding.

(c) {Reserved}.

(d) *Program services.* The energy conservation education services described in this chapter include activities designed to produce voluntary conservation of energy on the part of eligible customers. A public utility shall take reasonable steps to provide energy conservation education activities in the language or the method of communication appropriate to its target audience. The activities shall include, but need not be restricted to, any of the following:

(1) *Group presentations.* Meetings involving recipients of program measures and other customers at which energy conservation objectives are explained and possible program measures are described and, when appropriate, demonstrated.

(2) *Workshops.* Group presentations at which, in addition to receiving explanations of energy conservation objectives, recipients of program measures and other customers are taught to install selected program measures.

(3) *In-home presentations.* Consultations held in the dwelling between a person supplying energy conservation education services and the owner, landlord or tenant of the dwelling. The presentations may include the explanation of energy conservation objectives, the participation of the owner, landlord or tenant in the installation of selected program measures or other activities designed to produce voluntary reductions in energy use.

(4) *Post-installation education*. Energy conservation education shall be provided by phone or in person to recipients of program measures under § 58.14a(f) (relating to quality control).

§ 58.13a. LIURP pilot programs.

(a) Public utilities may propose LIURP pilot programs that offer innovative services that may include any of the following:

(1) Energy conservation education.

(2) Renewable energy sources.

(3) Fuel switching.

(4) Air conditioning.

(5) De facto heating.

(b) A public utility shall attempt to coordinate pilot program-related services among EDC and NGDC universal service programs and other community resources.

(c) A public utility shall seek approval through a Commission proceeding before establishing or changing a pilot program, discontinuing a pilot program early or incorporating the provisions of a pilot program as a regular component of its LIURP.

(d) The duration of an approved pilot program shall not exceed 5 years after implementation without express approval of the Commission.

§ 58.14. Program measure installation.

(a) Based on the results of the energy audit conducted under § 58.11 (relating to energy audit), a public utility shall install or arrange for the installation of applicable program measures designed to reduce public utility bills, usage or demand for space-heating, space-cooling, water-heating or baseload end uses which may include any of the following:

(1) For residential space-heating or space-cooling customers, applicable program measures may include the installation of insulation, furnace replacement or furnace efficiency modifications, programmable thermostats, infiltration measures designed to reduce the flow of air through the building envelope or the repair or replacement of chimneys, windows, exterior doors, service lines, air conditioner installations or replacements or efficiency improvement and other major appliance replacements or retrofits or efficiency improvements.

(2) For residential water-heating customers, program measures may include any of the following:

(i) Installation of control devices on water heaters or other major appliances.

(ii) Installation, repair or replacement of water heater insulation and pipe insulation.

(iii) Installation of devices reducing the flow of hot water in showers, faucets or other equipment.

(3) For residential high-use electric baseload customers, applicable program measures may include lighting efficiency modifications, refrigeration replacements or efficiency improvements, repairing or replacing water heaters which do not provide primary heating for the dwelling, air conditioner installations or replacements or efficiency improvements and other major appliance replacements, retrofits or efficiency improvements.

(b) {Reserved}.

(c) {Reserved}.

(d) A public utility shall warranty program measures installed in a dwelling, for a minimum of 1 year, covering labor and materials.

§ 58.14a. Quality control.

(a) A public utility shall establish quality control standards for the installation of program measures and shall document in its USECP the quality control standards that it is using to evaluate both the work of the ESP and the performance of the program measures.

(b) A public utility shall schedule post-installation inspections on a minimum of 10% of completed full cost space-heating LIURP jobs and on a minimum of 5% for other LIURP jobs where program measures are installed for each ESP.

(c) A public utility shall establish procedures for the installation of program measures and the post-installation inspections and shall document them in its USECP.

(d) A public utility shall establish a process for a customer to file a complaint about the quality of work, workmanship or serviceability of the ESP and shall document the complaint process in its USECP.

(e) A public utility may not use the ESP that installs program measures at a dwelling to conduct the post-installation inspection of those program measures.

(f) When energy usage by a recipient of program measures increases by more than 15% within the first 12 months post-installation, the public utility shall contact the recipient to determine the reason for increase in energy usage. The public utility shall determine whether to schedule a follow-up inspection to confirm the program measures are working properly.

(g) A public utility shall ensure that an ESP documents each of the following:

(1) Post-installation inspection results.

(2) Follow-up program services if provided.

(h) A public utility shall retain quality control documentation for a minimum of 4 years or until the impact evaluation is completed, whichever is later.

§ 58.14b. Use of an ESP for program services.

(a) A public utility electing not to provide program services directly shall use qualified ESPs selected through a competitive bidding process.

(b) Third-party ESP qualifications must include, at least, the following:

(1) Demonstrated experience and effectiveness in the administration and provision of energy efficiency and usage reduction services.

(2) Certification, as appropriate to the program services to be rendered, by an accredited certifying entity.

(3) Proof of appropriate and sufficient insurance, as determined by the public utility.

(4) Attestation that workmanship and materials will be covered under a minimum 1-year warranty.

(c) A public utility which outsources program services shall contract with multiple ESPs if possible and shall file and serve a justification if selection is limited to one ESP.

(d) A public utility may prioritize contracting with CBOs that meet its ESP qualifications.

§ 58.14c. Inter-utility coordination.

(a) A public utility shall pursue coordination of its program-related services, trainings, outreach and resources with other public utilities' LIURPs and with other conservation programs or energy assistance programs.

(b) Coordinated program services may include an energy audit and post-installation inspection.

(c) Inter-utility billing arrangements shall be stated in a contract between coordinating public utilities. The contract shall specify costs to be covered and LIURP measures to be installed under this section. A public utility may choose to absorb in its LIURP budget the labor and materials cost for the coordinated program measures it provides.

(d) Costs associated with inter-public utility trainings and coordinated trainings or outreach shall be counted as administrative costs and may not exceed 1% of the public utility's total LIURP budget annually.

§ 58.15. {Reserved}.

§ 58.15a. LIURP reporting and evaluation.

A public utility shall be responsible for the ongoing reporting and evaluation of its LIURP, including compiling and reporting information requested by the Commission on an annual basis. At a minimum, the following data and analyses regarding its LIURP shall be provided:

(1) Actual LIURP production and spending data for the recently completed program year and projections for the current program year by February 28, consistent with §§ 54.75 and 62.5 (relating to annual residential collection and universal service and energy conservation program reporting requirements).

(2) Universal service program data by April 1, consistent with §§ 54.75 and 62.5.

(3) Statistical data on LIURP jobs completed in the preceding program year by April 30. The statistical data shall be filed at the public utility's current USECP docket and include all of the following:

(i) The number of LIURP jobs, including all of the following:

(A) The number and type of dwelling.

(B) The number of each job type completed.

(C) The number of fuel-switching jobs.

(D) The number of deferred dwellings and deferral reasons.

(E) The number of inter-utility coordinated LIURP jobs.

(F) The number of LIURP jobs coordinated with other weatherization programs.

(ii) The total LIURP costs, including all of the following:

(A) Material and labor costs of measures installed.

(B) Administrative costs.

(C) Inter-utility trainings.

(D) Coordinated trainings and outreach.

(E) Health and safety.

(F) Incidental repairs.

(G) Energy conservation education.

(iii) Overall percentage of the following:

(A) Energy usage reduction.

(B) Energy usage reduction by job type.

(iv) The total number and costs of the following:

(A) CAP households served.

(B) Special needs households served.

(v) For each LIURP pilot program, include all of the following:

(A) The budget and actual spending.

(B) Number of jobs by job type.

(C) Duration of the pilot.

(D) Results of the pilot.

(E) Measures implemented through the pilot.

(vi) An explanation if more than 10% of the annual LIURP budget remains unspent.

(vii) The total of all of the following:

(A) Number of LIURP jobs that received a landlord contribution.

(B) Aggregate dollar amount of all landlord contributions for the program year.

(4) Evaluation data and analysis of LIURP jobs by April 30, including periods covering pre-installation and post-installation of program measures ending in the preceding program year. The evaluation data and analysis shall be submitted in compliance with the reporting instructions provided to public utilities electronically by the Commission's Bureau of Consumer Services each year and include the following information, broken out by job type:

(i) Energy savings and load management impacts of program services.

(ii) Changes in customer utility bills.

(iii) Payment behavior and account balances.

(iv) Household demographic data at the time of LIURP qualification.

§ 58.16. Advisory committee.

(a) *Committee.* A public utility shall create and maintain a USAC that meets at least semiannually with stakeholders to consult on program services.

(b) *Committee participants.* Participants of a public utility's USAC may include the following:

(1) Recipients of program measures and representatives from social service agencies, from community groups and from agencies or companies which administer or install program measures.

(2) Representatives from other groups or agencies which may be able to offer reasonable advice regarding program services.

(c) {Reserved}.

(d) {Reserved}.

(e) {Reserved}.

§ 58.17. Modifications of a LIURP.

A public utility may not establish, implement or modify its LIURP until the public utility has received Commission approval for the proposal.

§ 58.18. Waiver.

A public utility alleging special circumstances may petition the Commission to waive a provision in this chapter, under § 1.91 (relating to applications for waiver of formal requirements).

§ 58.19. Temporary suspension of program services.

(a) A public utility shall notify the Commission at its current USECP docket if it needs to suspend all or part of its program services for 30 days or longer. Notice shall be filed and served prior to suspension of program services or within 5 days after suspension of program services if prior notice was not possible. The notice shall include the reason for suspension and the estimated timeline for resumption of program services. The notice shall also be served on BCS.

(b) A public utility that has suspended its program services under subsection (a) shall file and serve monthly status updates at its current USECP docket. The status updates shall include an estimated timeline for resumption of program services and shall also be served on BCS.

CHAPTER 62. NATURAL GAS SUPPLY CUSTOMER CHOICE

Subchapter A. UNIVERSAL SERVICE AND ENERGY CONSERVATION REPORTING REQUIREMENTS

§ 62.5. Annual residential collection and universal service and energy conservation program reporting requirements.

(a) Each NGDC shall report annually to the Commission on the degree to which universal service and energy conservation programs within its service territory are available and appropriately funded. Annual NGDC reports shall contain information on programs and collections for the prior calendar year. Unless otherwise stated, the report shall be due April 1 each year, beginning April 1, 2003. When noted, the data shall be reported by classification of accounts. Each NGDC's report shall contain the following information:

* * * * *

(2) *Program reporting.* Program reporting shall be categorized as follows:

* * * * *

(ii) Additional program data for individual universal service and energy conservation components shall include the following information:

(A) *LIURP reporting requirements.* As established in § 58.15a (relating to LIURP reporting and evaluation).

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