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February 14, 2024

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

VIA E-FILING

RE: 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

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the Reply Comments of Citizens' Electric Company, Wellsboro Electric Company and Valley Energy, Inc., regarding the above-referenced proceeding.

This filing has been served via email on the parties listed on the attached Certificate of Service. If you have any questions regarding this filing, please feel free to contact the undersigned. Thank you.

Very truly yours,

Pamela C. Polacek

By

Pamela C. Polacek
Counsel to Citizens' Electric Company,
Wellsboro Electric Company and
Valley Energy, Inc.

Enclosure

c: Certificate of Service

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Regina Carter, BCS (via email)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**REPLY COMMENTS OF
CITIZENS' ELECTRIC COMPANY, WELLSBORO ELECTRIC COMPANY AND
VALLEY ENERGY, INC.**

I. INTRODUCTION

On May 18, 2023, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued a Notice of Proposed Rulemaking Order (“NOPR Order”) regarding an update to the PUC’s existing Low-Income Usage Reduction Program (“LIURP”) regulations at 52 Pa. Code §§ 58.1 – 58.18. The May 2023 NOPR Order follows a December 16, 2016 Secretarial Letter that initiated this review via request for stakeholder input on various topics related to utility LIURPs. The NOPR Order summarizes comments to the 2016 Secretarial Letter, proposes amendments to the existing LIURP regulations (outlined in Annex A to the NOPR Order), seeks comments on the proposed amendments.

Citizens’ Electric Company, Wellsboro Electric Company and Valley Energy, Inc. (collectively “C&T Companies”) participated in the drafting of and support the Comments submitted by the Energy Association of Pennsylvania (“EAP” or “Association”) on January 16, 2024. The C&T Companies also support the Reply Comments that EAP is submitting.

The C&T Companies are smaller PUC-regulated utilities that provide electric (Citizens' and Wellsboro) and natural gas (Valley) service. Each of the C&T Companies serves approximately 5,500 to 7,300 customers, the majority of which are residential accounts. The C&T Companies' service territories encompass areas in and around Lewisburg in Union County (Citizens'), Wellsboro in Tioga County (Wellsboro) and Sayre/Athens in Bradford County (Valley).

The C&T Companies submit these Reply Comments to amplify the EAP's opposition to a proposal by CAUSE-PA to modify the definition of "public utility" in the proposed LIURP regulations.¹ As entities that do not currently qualify as "covered utilities" under the current LIURP regulations, the C&T Companies will be uniquely impacted by CAUSE-PA's suggested change. As a result of the currently-effective regulations, the C&T Companies do not maintain LIURP programs. Notwithstanding, and contrary to the arguments of CAUSE-PA, this does not mean that the C&T Companies are failing to meet their obligations under Sections 2203(8) and 2804(9) of the Public Utility Code.² The C&T Companies work diligently with their customers to connect them with bill payment assistance and local weatherization organizations. The C&T Companies also promote energy and gas conservation. All of this is done in a manner that is appropriate for their smaller utility service territories. Adding small utilities to the LIURP regulations is not necessary and will result in additional costs for the small residential customer classes in the territories.

The Commission has long recognized that the universal service regulatory requirements for public utilities should vary based on utility size, especially LIURP. The original LIURP

¹ *Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania*, Docket No. L-2016-2557886, pp. 26-28 (Jan. 16, 2024).

² 66 Pa. C.S. §§ 2203(8) and 2804(9).

regulations included a definition of “covered utility” to memorialize that smaller utilities would not be required to have a LIURP program. Before 1998, the definition of “covered utility” was “A jurisdictional electric or gas utility having sales of natural gas for purposes other than resale exceeding 100 billion cubic feet or sales of electric energy for purposes other than resale exceeding 750 million kilowatt-hours during the preceding calendar year or both.” In 1998, the Commission solicited comments concurrent with the need to extend the LIURP program, which was scheduled to expire on or before January 28, 1998.³ In that process, the Commission amended the definition to specify that it was applicable to any “electric or gas local distribution utility”.

Similarly, when implementing the Electric Competition Act and Gas Competition Act, the Commission adopted modified requirements for Universal Service and Energy Conservation Reporting based on utility size. Specifically, electric utilities with less than 60,000 residential accounts and gas utilities with less than 100,000 residential accounts submit reports every 3 years rather than yearly.⁴

The LIURP NOPR proposes to eliminate the definition of “covered utility” and to insert instead a definition of “public utility” that mirrors the requirements under the reporting requirements. The C&T Companies support this change. First, it harmonizes the two requirements. The Commission should strive for consistent regulatory definitions when possible. Second, basing the applicability of the LIURP regulations on the number of residential accounts is more appropriate than basing it on amount of electricity or natural gas delivered, which can be overly influenced by the presence of a few larger non-residential users on the system. LIURP costs generally are collected from residential customers because only residential customers can

³ *Residential Low Income Usage Reduction Programs*, Docket No. L-00960118, 28. Pa.Bull. 25, Final Rulemaking Order adopted Aug. 28, 1997.

⁴ 52 Pa. Code §§ 54.77 and 62.7.

participate in the program. Examining the number of residential accounts provides a better basis on which to evaluate whether implementing a LIURP program is fair or whether it will impose an unreasonable cost burden on the non-participating residential customers. The C&T Companies support the account thresholds set forth in the Universal Service and Energy Conservation Reporting Requirements as appropriate thresholds for the LIURP requirements.

If the LIURP regulations were extended to smaller utilities, the C&T Companies would incur many costs that are not in their current rates. In addition to the costs of developing and litigating LIURP plans, the C&T Companies may need to hire additional staff or consultants to administer the plans. Moreover, the C&T Companies would propose new surcharges on their small residential customer bases to ensure that they are fully-recovering the administrative costs and the subsidies to the LIURP participants. Spreading those costs over 5,000 customers will result in a much larger burden than spreading those costs over 60,000 or 100,000 customers.

Finally, applying the LIURP regulations to small utilities is not necessary to promote energy conservation and universal service in small utility territories. Citizens', Wellsboro and Valley offer energy conservation and universal service options that are appropriate for their communities. Citizens', Wellsboro and Valley encourage payment troubled customers to contact their offices where they can speak with a local customer service representative ("CSRs") to discuss options for payment assistance and weatherization. Their CSRs maintain lists of local agencies that can help consumers, including agencies like the Salvation Army, Red Cross, local churches, Dollar Energy Fund and others. The CSRs will work with the customer and the agency to facilitate assistance, including at times directly transferring the customer's call to the particular agency. The Companies also are very active in promoting LIHEAP and other government grant opportunities such as the recent Emergency Rental Assistance Program Grants. Citizens', Wellsboro and Valley

use various communications methods for conservation and bill assistance ideas, including local papers, local radio, newsletters and social media. For weatherization, the C&T Companies refer customers to local agencies such as Trehab and SECA COG.

Contrary to CAUSE-PA's assumption, consumers in smaller territories can be adequately served without extending the LIURP regulations. The C&T Companies' CSRs and other employees often live in the territory and take pride in serving their neighbors. They leverage existing tools by cooperating with other agencies to help customers with payment assistance and weatherization efforts. Adding a costly new program funded through a new surcharge is not necessary. CAUSE-PA's requested modification to the definition of "public utility" should be rejected.

Respectfully submitted,

Pamela C Polacek

By _____
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Date: February 14, 2024

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA E-MAIL

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<p>Meagan Moore, Esq. Peoples Gas Company 375 North Shore Drive, Suite 600 Pittsburgh, PA 15212-5866 Meagan.moore@peoples-gas.com</p>	<p>NOTE: THE CONSUMER ADVISORY COUNCIL AND THE ENERGY JUSTICE ADVOCATES DID NOT PROVIDE SERVICE INFORMATION IN THEIR COMMENTS AND HAVE NOT BEEN SERVED</p>

Pamela C. Polacek

Pamela C. Polacek (PA ID No. 78276)

Dated this 14th day of February, 2024, in Venetia, Pennsylvania.