PULP
PENNSYLVANIA
UTILITY LAW PROJECT

February 15, 2024

VIA E-FILE

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

Re: Rulemaking to Review and Revise the Existing Low Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1-58.18 (relating to residential low income usage reduction programs). Docket No. L-2016-2557886

Dear Secretary Chiavetta:

Attached for filing, please find the **Reply Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA)** respectfully submitted in response to the Commission's above mentioned proposed rulemaking, published in the Pennsylvania Bulletin on December 2, 2023 (53 Pa.B. 7506)**.**

Respectfully submitted,

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BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Rulemaking to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18 (relating to residential usage reduction programs).	:	Docket No. L-2016-2557886

REPLY COMMENTS OF
THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA

PENNSYLVANIA UTILITY LAW PROJECT

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I. INTRODUCTION

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), through its counsel at the Pennsylvania Utility Law Project, respectfully submits the following Reply Comments in response to the Commission's Notice of Proposed Rulemaking (NOPR), published in the Pennsylvania Bulletin on December 2, 2023 (53 Pa.B. 7506), opening a public comment and reply comment period for the Commission's Proposed Rulemaking to Review and Revise the Existing Low-Income Usage Reduction Program (LIURP) Regulations at 52 Pa. Code §§ 58.1 – 58.18 (relating to residential low income usage reduction programs) (hereafter referred to as LIURP NOPR), Docket No. L-2016-2557886.

On January 16, 2024, CAUSE-PA submitted initial Comments in response to the LIURP NOPR, providing detailed discussion and corresponding recommendations to adjust proposed regulatory language to maximize the benefit of LIURP services. Other commenters included the Energy Justice Advocates,[1] the Office of Consumer Advocate (OCA), the Tenant Union Representative Network (TURN), the Consumer Advisory Council (CAC), the Pennsylvania Coalition of Local Energy Efficiency Contractors, Inc. (CLEEC), the Commission on Economic Opportunity and Pennsylvania Weatherization Providers Task Force (collectively CEO/WPTF), the Energy Association of Pennsylvania (EAP), UGI Utilities, Inc. (UGI), National Fuel Gas Distribution Corporation (NFG), Peoples Natural Gas Company (PNG), Columbia Gas of Pennsylvania, Inc., Philadelphia Gas Works (PGW), PECO Energy Company (PECO), PPL Electric Utilities Corporation (PPL Electric), Duquesne Light Company (DLC), and the FirstEnergy Pennsylvania Electric Company (FirstEnergy).

[1] The Energy Justice Advocates includes 37 environmental justice, consumer, environmental, business, and faith-based organizations.

CAUSE-PA submits the following Reply Comments in response to the comments of other parties, primarily related to the costs and benefits of LIURP services. For the sake of brevity, CAUSE-PA will not reiterate the comprehensive arguments and recommendations raised in our initial Comments, though we incorporate those arguments and recommendations by reference herein. CAUSE-PA's positions and recommendations set forth in our initial Comments have not changed after review of the other parties' comments. To the extent that any argument raised in Comments of other parties is not expressly addressed, this does not necessarily indicate CAUSE-PA's agreement with or opposition thereto.

II. REPLY COMMENTS

A. *Consideration of LIURP costs must include consideration of all corresponding benefits.*

In our initial Comments, CAUSE-PA provided detailed information and comprehensive recommendations, throughout, supporting our position that a comprehensive low income energy reduction program – as part of a holistic universal service program portfolio – will provide substantial benefit to low income customers, improving energy bill affordability over the long term and generating a host of coextensive benefits. EAP, on behalf of its member utilities, focused heavily on program costs – framing the Commission's proposed LIURP reforms as an expansion of LIURP services and arguing an expansion of the program would adversely impact other ratepayers.[2] In its arguments, EAP fails to acknowledge the substantial short and long-term financial, health, safety, and community benefits of LIURP.

Any consideration of LIURP costs must include consideration of all corresponding benefits. As CAUSE-PA noted in initial Comments and reinforces here, LIURP is an essential

[2] See EAP Comments at 2, 8-9, and 13; see also Columbia Gas Comment Letter; PGW Comments at 9 and 10; NFG Comments at 1; Peoples Gas Comments at 1; UGI Comments at 3.

component of a fully executed suite of universal service programs. When taken together, energy bills for low income households are more affordable over the long term, resulting in improved payment behavior and, in turn, improved collections, reduced involuntary termination rates, uncollectible expenses, and universal service costs. These direct system-wide cost savings benefits are all in addition to the substantial health, safety, and public benefits of LIURP for individual participants and the communities in which they live and work.

Unfortunately, there has not been consistent in-depth evaluation and quantification of the myriad cost-savings and other benefits associated with LIURP across each utility. While LIURP is included in each utility's required universal service impact evaluation,[3] the depth of evaluation and analysis of LIURP performance in most reports is limited.[4] Nevertheless, there are a few third-party universal service program evaluations that provide a glimpse at the depth and breadth of benefits and cost-savings associated with LIURP.

In Columbia's 2017 Universal Service program evaluation, the independent evaluator examined the average annual bill, average bill reduction, and average CAP shortfall[5] reduction for all CAP customers in 2010 and 2011, as compared to customers participating in *both* CAP and LIURP during this same period.[6] The evaluator found that LIURP participation substantially reduced CAP participants' average bill and average CAP shortfall, driving critical co-benefits for the participant household and other ratepayers:[7]

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[3] 52 Pa. Code §§ 54.76, 62.4.

[4] See, e.g., APPRISE, FirstEnergy Universal Service Programs Final Evaluation Report (January 2017), https://www.puc.pa.gov/general/pdf/USP_Evaluation-FirstEnergy.pdf; see also APPRISE, National Fuel Gas Universal Service Programs 2020 Evaluation, Final Evaluation Report (August 2020), https://www.puc.pa.gov/pcdocs/1676238.pdf.

[5] The term "CAP shortfall" refers to the difference between the residential rate and the applicable CAP rate. In other words, the CAP shortfall is the cost of providing a discounted bill for customers enrolled in a utility's Customer Assistance Program. The CAP shortfall is paid for by other residential ratepayers. Reducing the CAP shortfall reduces the cost of CAP, dollar for dollar.

[6] Melanie Popovich, An Independent Analysis of Universal Service Programs Prepared for Columbia Gas of Pennsylvania, at 66 (Sept. 1 2017), *available at* https://www.puc.pa.gov/general/pdf/USP_Evaluation-Columbia.pdf.

[7] Id.

Table 30
Impact of LIURP on CAP Program
2010-2011[73]

2010	Avg. Annual Bill 2009	Avg. Bill Reduction 2011*	Avg. Shortfall Reduction 2011
All CAP	$1356	23%	36%
CAP+LIURP	$1982	36%	50%
2011	**Avg. Annual Bill 2010**	**Avg. Bill Reduction 2012***	**Avg. Shortfall Reduction 2012**
All CAP	$1106	24%	42%
CAP+LIURP	$1557	41%	64%

*Data is not weather normalized. Weather will impact bill.

The evaluator did not take the next step to quantify the dollar amount associated with these substantial universal service program savings in the 2017 evaluation. However, we submit that this level of quantification of benefits is certainly feasible and should be conducted statewide to ensure the full range of program benefits are factored into any assessment of program cost.

In addition to quantifiable universal service program savings associated with reduced CAP shortfall, Columbia's 2017 program evaluation also found that non-CAP LIURP participants "realized a 31% decrease in arrears 12 months post weatherization."[8] In other words: LIURP is proven to be effective at reducing arrears and, in turn, reducing collections costs borne by other ratepayers.

PECO's 2014 LIURP evaluation, issued in 2016, likewise provides compelling evidence of the potential for the program to drive substantial system-wide cost savings, showing that LIURP participants meaningfully improved their payment behavior following receipt of LIURP services.[9] As demonstrated in the tables below, PECO's LIURP evaluation showed that the

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[8] Id. at 67.

[9] In 2014, APPRISE conducted a focused study of PECO's LIURP. This is the most recent report released, and PECO is the only utility for which an in-depth, stand-alone LIURP analysis was conducted. APPRISE, PECO Energy 2014 LIURP Evaluation Final Report (April 2016), https://www.puc.pa.gov/General/pdf/USP_Evaluation_LIURP-Peco.pdf.

average number of payments and the total bill coverage rates increased across the board for all LIURP recipients between the pre-treatment and post-treatment years.

Table 1: Bill Coverage Rates[10]

Job Type	***Total Bill Coverage***	
	Pre	Post
Electric Baseload	92.9%	109.6%
Electric Heating	85.6%	102.5%
Gas Heating	93.9%	101.9%
All Job Types	**92.7%**	**108.0%**

As Table 1 shows, prior to installation of LIURP measures, evaluated households were paying an average of 92.7% of their bills. After LIURP treatment, customers paid an average 108% of their bills.[11] In other words, not only were LIURP participants better able to cover their current charges, they were also able to pay towards their prior debt.

Improved bill coverage is a direct result of improved affordability. As Table 2 shows, LIURP participants saved an average of 13% following LIURP services. While not directly quantified in the evaluation, these bill savings translate to savings for both the individual participant and other ratepayers through reduced collections and universal service costs.

Table 2: Electric and Gas Charges, by LIURP Job Type[12]

Job Type	***Electric and Gas Charges***		
	Pre	*Post*	*% Change*
Electric Baseload	$949	$795	-16.3%
Electric Heating	$1,884	$1,730	-8.2%
Gas Heating	$1,688	$1,561	-7.5%
All Job Types	**$1,061**	**$919**	**-13.3%**

[10] PECO Energy 2014 LIURP Evaluation Final Report, April 2016, page 50.
[11] The total coverage rate factors in the total bills and charges and total payments and credits. See Table ES-6, "Bills, Payments, and Coverage Rates Pre and Post-LIURP Treatment" PECO Energy 2014 LIURP Evaluation Final Report, April 2016, page vii.
[12] PECO Energy 2014 LIURP Evaluation Final Report, April 2016, pages 45 and 46.

Table 3: Average Number of Payments, by LIURP Job Type[13]

Job Type	*Average # of payments/year*		
	Pre	*Post*	*% Change*
Electric Baseload	8.0	8.4	6.0%
Electric Heating	8.5	9.3	9.7%
Gas Heating	8.7	9.5	9.4%
All Job Types	**8.1**	**8.6**	**6.2%**

As Table 3 illustrates, every type of LIURP service provided resulted in an increased number of payments made by the receiving household. Notably, the same is true for both CAP and non-CAP participants. Table 4, below, shows that more bills are paid by both those who are receiving utility bill assistance through a utility's CAP and those who are not enrolled in CAP but still eligible to receive LIURP services. Again, improved payment frequency translates to improved collections, reduced uncollectible expenses, and reduced universal service costs borne by other residential ratepayers.

Table 4: Average Number of Payments, CAP / Non-CAP Participation

Job Type	*Average # of payments/year*		
	Pre	*Post*	*% Change*
All Job CAP Customer	8.0	8.5	6.2%
All Job Non-CAP Customer	8.7	9.2	5.8%

Like the Columbia evaluation, PECO's LIURP evaluation does not quantify the full range of savings associated with the delivery of comprehensive usage reduction services to low income consumers. Indeed, as noted above, there is a dearth of specific, data-driven analysis on the cost savings potential of LIURP across the state.

CAUSE-PA recommends the Commission require more specific analysis in third-party universal service program evaluations. Evaluators should be required to conduct both qualitative and quantitative evaluation of LIURP, including a full assessment of resulting bill savings, bill

[13] PECO Energy 2014 LIURP Evaluation Final Report, April 2016, pages 47 and 48.

coverage, payment frequency, and other relevant performance metrics – together with a corresponding *quantification* of associated costs and savings for program participants and other ratepayers. Evaluators should also assess "non-energy" benefits to participants and communities, such as improved health outcomes as a result of improved indoor air quality and the ability to better afford medication or other basic needs. Indeed, research is clear that improved utility affordability and home health and comfort may result in reduced aggregate medical costs, with fewer medical visits needed due to inefficient housing.[14] Such benefits should be quantified, to the extent possible, and included in any analysis of program costs. As we explained at length in our initial comments, it is critical for LIURP to concurrently address issues associated with health, safety, and home durability. And, in assessing the effectiveness of LIURP, it is likewise essential to consider both the energy and the non-energy benefits that are provided.[15] Improved LIURP evaluation would help provide a more complete understanding of both the costs and savings of LIURP services, allowing for a more holistic approach to creating a LIURP budget.

Contrary to EAP's assertions, the Commission's NOPR aims not to "expand" LIURP so much as it aims to realize the full benefit of programming by making necessary adjustments, removing barriers that are actively preventing the maximizing of potential LIURP benefits. These benefits extend not just to those receiving LIURP services but to all residential ratepayers and utilities, and we urge the Commission to ensure that LIURP evaluation more squarely include a holistic assessment of the full range of benefits in tandem with consideration of costs.

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[14] ACEEE, Saving Energy, Saving Lives The Health Impacts of Avoiding Power Plant Pollution with Energy Efficiency, at 24 - 26 Compounding the Health Benefits of Energy Efficiency (February 2018), https://www.aceee.org/sites/default/files/publications/researchreports/h1801.pdf.
[15] See ACEEE Toolkit, Supporting Low-Income Energy Efficiency: A Guide for Utility Regulators, published April 28, 2021, https://www.aceee.org/toolkit/2021/04/supporting-low-income-energy-efficiency-guide-utility-regulators, Accessed February 12, 2024.

B. ***External efficiency and weatherization program services and funding should supplement LIURPs, leveraging the expertise and community trust of Community-Based Organizations (CBOs) for program coordination.***

In initial Comments, several parties discussed the availability of various new and existing federal and state weatherization and energy efficiency programs that are external to LIURP, including the federal Weatherization Assistance Program, Pennsylvania's Energy Efficiency and Conservation programming established through Act 129 of 2008, and newly established time-limited federal home energy rebate programs funded through the Inflation Reduction Act (IRA). CAUSE-PA addressed these programs in terms of program integration and prioritization, noting that it is important to leverage external program services to enhance the ability for LIURP funds to be stacked, or braided, with other sources to maximize the benefits of all the programs and holistically address household energy needs of low income customers.[16] Stacking program resources allows for different funding sources and program components to supplement what LIURP services are able to provide.[17]

EAP suggests in initial Comments that the Commission's proposed regulatory amendments improving the accessibility and availability of weatherization measures through LIURP are unnecessary, given the availability of other efficiency and weatherization programs.[18] EAP asserts that "LIURP, WAP, Act 129, and now IRA-funded HEERA and HOMES – are providing weatherization services to the same pool of low-income customers in Pennsylvania."[19] This assertion is not accurate. The limited federal funds – including funds available through WAP and the IRA home energy rebate programs – available to a much larger pool of eligible households,

[16] CAUSE-PA Comments at 67.
[17] CAUSE-PA Comments at 10, 16 and, 67.
[18] EAP Comments at 7.
[19] EAP Comments at 7.

including Pennsylvanians with higher income[20] and whose energy is provided by a rural electric cooperative, a municipal utility, a deliverable fuel company, or even a smaller public utility.[21] None of these energy providers are required to provide LIURP services. Moreover, as discussed more thoroughly below, Act 129 fills a critical complementary role to LIURP – reaching thousands of low income households that do not meet the high usage threshold for the program and/or that cannot otherwise access more comprehensive usage reduction services through the program.

The existence of federally funded efficiency programs in no way obviates the need for improved availability and accessibility for weatherization measures. The WAP annual budget is just $24,575,124,[22] which must stretch to many more households than the households in an EDC or NGDC service territory. EAP asserts that the average expenditure per household is $7,669 (depending on the need determined at an energy audit).[23] In the Pennsylvania WAP State Plan for 2023-24, DCED increased the average expenditure to $8,009 per home, consistent with DOE guidance.[24] At this current average expenditure rate, WAP is capable of serving just 3,068 households each year. For perspective and comparison, in 2022, PPL Electric identified 85,825

[20] WAP is available to households with income up to 200% of the federal poverty level, and states are authorized to design the IRA-funded home energy rebate programs to serve households with income up to 150% of the Area Median Income (AMI) – with the potential for enhanced rebates for households with income up to 80% AMI. In every county in Pennsylvania, 80% AMI is substantially higher than the current 150% FPL threshold for LIURP. States are also authorized to design the HOMES program to serve multifamily buildings, which are rarely (if ever) served through LIURP. DOE, State & Community Energy Programs, Inflation Reduction Act Home Energy Rebates: Program Requirements and Application Instructions (Oct. 13, 2023), https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf. Notably, the Department of Environmental Protection is still in the process of designing the IRA home energy rebate programs, and it is unclear whether and to what extent the programs will be directed to LIURP-eligible households.

[21] Note that in our initial Comments, CAUSE-PA urges the Commission to require all jurisdictional public utilities to operate a LIURP, including smaller public utilities. CAUSE-PA Comments at 26-28.

[22] Pennsylvania Weatherization Assistance Program State Plan Budget for 2023-2024 as submitted to the U.S. Dept of Energy, https://dced.pa.gov/download/23-24-doe-state-plan-budget/?wpdmdl=121300&refresh=65c9933db7e8f1707709245

[23] EAP Comments at 7.

[24] Pennsylvania Weatherization Assistance Program Annual State Plan for 2023-2024 as submitted to the U.S. Dept of Energy, at 6, https://dced.pa.gov/download/23-24-doe-state-plan-annual-file/?wpdmdl=121299&refresh=65cd35a16fbfc1707947425.

eligible customers who may benefit from LIURP services.[25] DLC noted in its initial Comments that, per the Company's 2020-2025 Universal Service and Energy Conservation Plan, approximately 24,494 customers were eligible for their LIURP (called Smart Comfort). In calendar year 2022, DLC spent about $2.6 million on its LIURP, having completed 22 heating jobs, two water heating jobs, and 3,100 baseload jobs.[26] Clearly there is far greater need for comprehensive efficiency and weatherization services than is currently fulfilled by both LIURP and WAP combined.

EAP notes that Pennsylvania was allocated $259 million over the life of the IRA programs.[27] While this is accurate, it does not tell the whole story. The $259 million is the totality of the allocation over 10 years for two programs – equating to approximately $13 million/year (inclusive of administrative costs) for each of the home energy rebate programs, including HOMES and HEERA.[28] As is true for WAP, both HOMES and HEERA will be available statewide, inclusive of customers *not* served by a large EDC or NGDC. Moreover, the authorized income thresholds for HOMES and HEERA are much higher than LIURP – reaching households with income as high as 150% of Area Median Income.[29] AMI is a much different measure compared to FPL. A family of four in Dauphin County with income at 150% of AMI has an annual

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[25] PPL Electric Utilities Corporation Universal Service and Energy Conservation Plan for 2023-2027, Docket No. M-2022-3031727, filed April 2, 2022, pp 29-30.
[26] Duquesne Light Company (DLC) Comments at 2-3.
[27] EAP Comments at 8.
[28] Pennsylvania will receive $129,980,360 for HOMES and $129,226,380 for HEERA. https://www.energy.gov/sites/default/files/2023-07/IRA%2050121%20%26%2050122%20Home%20Energy%20Rebates%20State%20Allocations.pdf
[29] As described in the U.S. Department of Energy's Home Energy Rebate Programs Requirements and Application Instructions document, page 51, households below 80% AMI may receive a HEERA rebate up to 100% of the qualified project cost (not to exceed $14,000), and homes between 80 and 150% AMI may receive HEERA rebates up to 50% of the qualified project cost. HOMES rebates of the lesser of $4,000 or 80% of the project cost may be provided to households under 80% AMI with modeled energy savings of 20-34%, and the lesser of $8,000 or 80% of the project cost if the modeled energy savings is 35% or greater. HOMES rebates of the lesser of $2,000 or 50% of the project cost may be provided to households under 80% AMI with modeled energy savings of 20-34% and the lesser of $4,000 or 50% of the project cost if modeled energy savings is 35% or greater. See pages 12-13.

income of $149,700,[30] whereas a family of four at 150% FPL has an annual income of $46,800,[31] a difference of over $100,000 in annual income.

The other Pennsylvania-specific program EAP mentions, Act 129, only requires large *electric* distribution companies to provide comprehensive efficiency programs and does not require gas distribution companies to offer energy efficiency and conservation services. Some NGDCs have been approved to operate voluntary energy efficiency and conservation programming, but the programs often fall short of providing *proportionate* benefits to low income households.[32]

As mentioned above, Act 129 offers critical *complementary* services to LIURP - reaching thousands of low income families each year that are ineligible for LIURP services because they do not meet the high usage threshold, despite having relatively high usage compared to homes of similar size. The coordinated nature of Act 129 programming to supplement LIURP – as well as other state and federal efficiency programs - is not only sound policy, it is a statutory mandate:

> [An Act 129 Plan] shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to the households' share of the total energy usage in the service territory. **The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs**.[33]

Indeed, it would contradict this explicit statutory mandate to limit the accessibility or availability of LIURP services based on the existence of Act 129 programs.

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[30] See HUD, Office of Policy Development & Research, https://www.huduser.gov/portal/datasets/haf-il.html#data_2023.
[31] HHS, Federal Poverty Guidelines for 2024, https://aspe.hhs.gov/sites/default/files/documents/8aa67da24fa1e8cebfe5c144d9fe2532/detailed-guidelines-2024.xlsx
[32] See, e.g., Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2016-2020, Docket No. P-2014-2459362; Pa. PUC v. UGI Utilities, Inc. – Gas Division, Energy Efficiency and Conservation Plan, Docket No. R-2018-3006814; Columbia Gas of Pennsylvania, Inc. Residential Energy Efficiency Program Plan, Docket No. R-2022-3031211.
[33] 66 Pa. C.S. § 2806.1(b)(i)(G) (emphasis added).

Additional funding sources and programming must be used to supplement LIURP funding, not supplant it - leveraging available funds to maximize the reach to all eligible Pennsylvanians. Notably, the U.S. Department of Energy agrees that rebate funds should not supplant existing program funding and provides explicitly that "[f]unds may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons."[34]

EAP additionally avers there is a limited pool of qualified contractors across the state to perform the work for these programs.[35] CAUSE-PA understands that many qualified contractors are currently facing capacity issues, which is why CAUSE-PA remains firm in our support of including workforce training as a permissible administrative cost for LIURP. Increased training will help develop an increased pool of qualified contractors, allowing the programs to scale up to meet overwhelming needs for comprehensive home energy reduction services across the state. [36] Workforce development programs are also integral to the implementation of the HOMES and HEERA federal programs – as well as the Whole Home Repairs Program administered by DCED.[37]

Importantly, new federal efficiency workforce programs focus their workforce development programs on supporting community-based organizations (CBOs).[38] CAUSE-PA therefore reaffirms our recommendation in initial Comments that utilities should be required to prioritize the use of CBOs in delivery of LIURP services.[39] In doing so, the Commission would

[34] DOE, SCEP, Inflation Reduction Act Home Energy Rebates: Program Requirements and Application Instructions, at 91 (rev. Oct. 13, 2023), https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf

[35] EAP Comments at 8.

[36] CAUSE-PA Comments at 16 and 50.

[37] DOE, SCEP, Inflation Reduction Act Home Energy Rebates: Program Requirements and Application Instructions, at 19 (rev. Oct. 13, 2023), https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf; see also Act 54 of 2022, Section 135-C(d)(2).

[38] Id.

[39] CAUSE-PA Comments at 57-59.

help to ensure that LIURP is properly leveraged against the federal funds identified by EAP. Indeed, rather than supplant programs, we must advance policies that coordinate resources – ensuring streamlined program delivery to those most in need across Pennsylvania. As we explain in detail in initial Comments, CBOs are uniquely qualified for this work as they know the communities, know the programs, understand the work and are best suited to provide wraparound services for households as they are able to address a variety of intersecting issues.

C. ***LIURP cost-effectiveness should be measured by the totality of benefits provided, including non-energy benefits such as those related to health and safety.***

In initial Comments, PGW argues against the Commission's proposed administrative cost cap.[40] PGW (with Commission approval to waive existing regulatory requirements) routinely exceeds the cost cap because it applies a Total Resource Cost (TRC) Test.[41] PGW advocates for measuring cost-effectiveness at the job level, rather than the measure level, and discusses how applying a TRC Test at the job level allows for more comprehensive measures to be installed. PGW argues applying the TRC Test allows measures that are determined to be more cost-effective to balance those that are determined to be less cost-effective.[42]

It is widely recognized that low income efficiency programs are unable to meet traditional measure-level cost-effectiveness tests designed for market-rate programs, which include a measure of cost-sharing between the participant and the program. A traditional TRC test does not adequately account for the lack of discretionary income for low income households to invest in home efficiency. Traditional TRC tests also routinely fail to account for the myriad of quantifiable cost savings associated with low income efficiency programs, discussed at length above, including reduced collections and universal service costs as well as important non-energy benefits like health

[40] PGW Comments at 3.
[41] PGW Comments at 6.
[42] PGW Comments at 3, 5, and 6.

and safety improvements and improved energy burdens.[43] Applying a test that does not account for the totality of benefits would undermine the intent and purpose of LIURP to provide comprehensive usage reduction services for low income families.

Notably, PGW references the Act 129 Technical Reference Manual (TRM) regarding evaluating the cost effectiveness of measures. PGW is correct that Act 129 includes a statutory requirement to apply a TRC Test to evaluate the cost-effectiveness of an EDC's Act 129 Plan – *as a whole*.[44] However, the low-income program components *within* an EDC's Act 129 Plan are not required to meet the test.[45] As discussed above, pursuant to statutory requirements, LIURP must remain a separate and distinct program from Act 129.[46]

In 2021, the Commission released its TRC Final Order that directed the application of the TRC Test for Phase IV of Act 129 implementation.[47] In the Order, the Commission stated:

> **Low-Income programs are an important example of why we have established the Act 129 cost-effectiveness requirement at the plan level as opposed to the program or measure level.** Often, low-income programs need to rely on a direct installation program delivery model, which increases the administrative cost and lowers cost-effectiveness. Additionally, CSPs delivering low-income programs will encounter health and safety issues that must be addressed as part of the job. Addressing health and safety issues costs program dollars but generates no TRC benefits. **If low-income programs were required to be cost-effective, a likely outcome is that low-income households would be underserved by Act 129 residential programs despite funding them via rate recovery.** This would be a regressive policy, given that energy costs make up a larger share of low-income household budgets than they do for market rate residential households.[48]

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[43] Neme, C., and Kushler, M. Is it Time to Ditch the TRC? Examining Concerns with Current Practice in Benefit-Cost Analysis, https://energy.maryland.gov/Documents/ACEEEreferencestudy-NemeandKushlerSS10_Panel5_Paper06.pdf
[44] 66 Pa. C.S. § 2806.1(a)(3).
[45] 2021 Total Resource Test (TRC), Final Order, Docket No. M-2019-3006868, page 23, (entered Dec. 19, 2019).
[46] 66 Pa. C.S. § 2806.1(b)(i)(G).
[47] 2021 Total Resource Test (TRC), Final Order, Docket No. M-2019-3006868, (entered Dec. 19, 2019).
[48] Id. (emphasis added).

Reliance on a complex TRC Test assessment to identify appropriate LIURP measures would result in the installation of *fewer* comprehensive measures, eroding the bill savings achieved for participants through the program, reducing the concomitant financial benefits of the program, and undermining the goals of LIURP. In turn, as PGW admits, application of a TRC needlessly inflates administrative costs, resulting in fewer dollars devoted to program services. For these reasons, we oppose PGW's recommendation that the Commission adopt a TRC Test to evaluate measures for installation through LIURP.

While CAUSE-PA disagrees with the use of a TRC Test, we understand the need to establish program metrics to measure energy and cost savings and ensure appropriate oversight to help the program achieve its intended purpose to reduce energy and costs and improve health and safety for low income families over the long term. CAUSE-PA continues to support the Commission's proposed regulatory amendments, providing more flexibility to utilities in evaluating measures by removing the seven and 12-year payback provisions, and instead requiring energy audits to determine whether total estimated energy savings would exceed the installation costs of all program measures over the expected lifetime of those measures.[49] The proposed changes allow for the evaluation of the total job costs, allowing for more comprehensive measures to be installed while still ensuring that significant energy savings are being realized. This is important for sustainable energy savings over time and maintaining low income energy bill affordability.

[49] CAUSE-PA Comments at 60-61; Proposed Section 58.11 Energy audit.

III. CONCLUSION

CAUSE-PA appreciates the Commission's thoughtful consideration of the issues discussed above and raised in CAUSE-PA's comprehensive initial Comments. We urge the Commission to act in accordance with recommendations included CAUSE-PA's Comments and Reply Comments to maximize the benefits of LIURP services provided to low income household as well as non-low income ratepayers who help support universal service programming through rates.

Respectfully Submitted,

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On Behalf of CAUSE-PA