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AN EXELON COMPANY

Jennedy S. Johnson
Assistant General Counsel
2301 Market Street / S23-1
Philadelphia, PA 19103

Direct Dial: 267.533.0835
Email: Jennedy.Johnson@exeloncorp.com

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VIA eFILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**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 please find the **Comments Of PECO Energy Company** (“Comments”) in the above-referenced matter. As instructed, the Comments have been served upon the following individuals:

Regina Carter, Bureau of Consumer Services, regincarte@pa.gov;
Joseph Magee, Bureau of Consumer Services, jimagee@pa.gov;
Louise Fink Smith, Esq., Law Bureau, finksmith@pa.gov;
Erin Tate, Esq., Law Bureau, etate@pa.gov; and
Karen Thorne, Regulatory Review Assistant, Law Bureau, kathorne@pa.gov.

If you have any questions, please contact me directly at 267-533-0835.

Very truly yours,

Jennedy S. Johnson

Enclosures

c: RA-PCLAW-LIURP@pa.gov; and ra-pcpcregreview@pa.gov



**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

INITIATIVE TO REVIEW AND	:	
REVISE THE EXISTING LOW-	:	
INCOME USAGE REDUCTION	:	DOCKET NO. L-2016-2557886
PROGRAM (LIURP) REGULATIONS	:	
AT 52 PA CODE §§ 58.1 – 58.18	:	

COMMENTS OF PECO ENERGY COMPANY

I. INTRODUCTION

On December 16, 2016, the Pennsylvania Public Utility Commission (“the Commission”) issued a Secretarial Letter (“the 2016 Secretarial Letter”) in the above-captioned docket seeking stakeholder input on topics concerning the scope of a rulemaking to update the Commission’s existing Low-Income Usage Reduction Program (“LIURP”) Regulations at 52 Pa. Code §§ 58.1 – 58.18. On May 18, 2023, a Notice of Proposed Rulemaking (“NOPR”) was issued summarizing the comments and reply comments to the 2016 Secretarial Letter as well as describing proposed amendments to the existing LIURP regulations. Annex A to the NOPR provides the text of the proposed amended LIURP regulations.

As the public utility with the largest low-income population in Pennsylvania, PECO Energy Company (“PECO” or the “Company”) supports the Commission’s efforts to update the LIURP regulations. LIURP is a valuable program that provides energy efficiency services and energy education to PECO’s low-income customers to help them reduce their energy usage. A reduction in energy usage can both increase the affordability of a customer’s future energy bills and reduce the cost of the bill discounts and assistance the customer may receive under other low-income programs. Overall, the Company believes that any updates approved by the Commission in this proceeding should preserve LIURP’s focus on usage reduction and should continue to balance the needs of LIURP participants and the program costs borne by all

residential customers. By permitting utilities to target the highest users, facilitate installation of major measures where cost-effective opportunities are present, and then provide effective quality installations, the Commission can help customers achieve the greatest reductions in energy usage.

II. PECO'S COMMENTS ON SELECTED LIURP REGULATIONS IN ANNEX A

1. § 58.2 Definitions

De facto heating. PECO has been actively addressing de facto heating issues for several years and appreciates the Commission proposing to include a definition of de facto heating in the proposed regulations. The Company believes, however, that the definition is too narrow because it limits the primary heating source to a portable heater. In the Company's experience, a broader range of heating sources (including, but not limited to, space heaters, open stoves, and wood pellet fires) may be used by customers and may require attention through de facto heating efforts. PECO therefore proposes that the Commission consider utilizing the following definition for de facto heating: *"Use of 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."*

Health and safety measure. While PECO believes that health and safety measures can be an important LIURP tool, they should be employed in circumstances where they facilitate or enable *usage reduction* measures in the household. For that reason, the Company believes the definition of a health and safety measure should include a requirement that the measure be intended to enable installations that will reduce a customer's energy usage.

Special needs customer. PECO supports the ability to provide LIURP services to eligible customers up to 200% of the Federal Poverty Level ("FPL"), as is permitted under the existing definition of "special needs customer." However, PECO believes the Commission's

proposed revisions to the definition of “special needs customer” cannot be implemented because many of the new “criteria” are outside the scope of information regularly collected by utilities. Under certain circumstances, such as a Customer Assistance Program (“CAP”) enrollment, PECO will collect information about the ages of household members and the type and amount of income for each household member. The information is used to determine the household income as a percentage of the FPL at the time of enrollment and is not used for tracking purposes or updated until the customer recertifies for the program (typically every two years). Further, whether or not a customer has enrolled in CAP, the Company does not have knowledge of the customer’s need for medical equipment or a customer’s coverage by a protection from abuse order unless the customer affirmatively chooses to share that information with PECO.

Setting aside the implementation challenges associated with determining whether a customer meets the proposed criteria, the Company also believes the Commission’s proposed revisions may unnecessarily restrict a utility’s ability to seek out high-usage customers at 151%-200% of FPL for energy-saving LIURP measures. For the foregoing reasons, PECO recommends that the Commission retain the existing regulatory definition of “special needs customer.”

2. § 58.4 LIURP budgets

The Company has comments regarding three separate revisions to the budget section. First, while PECO agrees with the Commission that universal service and energy conservation plan (“USECP”) proceedings are an appropriate venue for the establishment and revision of LIURP budgets, the Company believes the LIURP regulations should preserve the existing flexibility to consider LIURP issues in other types of Commission proceedings. For example, when a utility is seeking a change in their base rates, it may be appropriate for the parties (and

the Commission) to consider whether an associated change in LIURP budget would be reasonable and beneficial for customers.

Second, the Company supports the proposal to allow up to 25% (an increase from 20%) of LIURP budgets to be spent on “special needs” customers. However, as PECO explained above in response to the proposed new definition of “special needs customer”, PECO does not have reliable access to the types of information that would be required to determine if a customer meets one of the new, proposed special needs “criteria.” Without such information, the Company could not determine the number of special needs customers overall or the number of eligible special needs customers that could be provided with program services based on these criteria.

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

3. § 58.9 LIURP outreach

PECO seeks clarification regarding the following two sentences of proposed § 58.9(a) which address public service announcements and advertising: “A public utility **shall also consider** providing public service announcements regarding its LIURP in media outlet sources, such as print, broadcast and social media platforms. 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.” (emphasis added). PECO asks the Commission to clarify that these provisions should be read in concert to

provide that if a utility decides to provide public service announcements regarding its LIURP, then the utility must also provide public service announcements in qualifying non-English languages. In order to make this clarification, PECO recommends that the second sentence be replaced with the following: “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.”

4. § 58.11 Energy audit

PECO supports the Commission’s proposal to remove the existing 7- and 12-year payback requirements for LIURP measures and instead require energy audits to determine whether the total estimated energy savings would exceed the installation cost of measures over the expected lifetime of those measures. This change will benefit customers by permitting a broader array of energy saving measures to be installed in their homes.

PECO opposes the proposal to prohibit a utility from using the same energy service provider (“ESP”) to both perform an audit and install LIURP measures in a customer household. The Company’s current practice of having a single provider perform an audit and install measures is more convenient for participating customers from a scheduling perspective, allows for a more positive customer experience in the home (e.g., interaction with one provider instead of multiple providers), and may be more cost efficient and have a lesser transportation-related environmental impact than dividing up program delivery between multiple vendors and potentially a greater number of overall home visits. PECO also notes that utilities are already required by 52 Pa. Code § 58.15 to report annually on the quality of program services and that the Commission has proposed additional quality assurance reporting as part of this proceeding.

5. § 58.13 Energy conservation education

PECO opposes two of the Commission additions in proposed § 58.13(d). The first concerning addition in subpart (d) is the following sentence, which appears to create broad, new, and potentially costly obligations for the LIURP program without any clear means to measure utility compliance: “A public utility shall take reasonable steps to provide energy conservation activities in the language or the method of communication appropriate to its target audience.” In the NOPR (p. 76), the Commission contends that this addition “is consistent with the customer information provisions in 52 Pa. Code § 56.91(b)(17).” PECO disagrees. 52 Pa. Code § 56.91(b)(17) addresses notices of termination only and specifies that information be provided in Spanish and other languages “when census data indicates that 5% or more of the residents of the public utility’s service territory are using that language.” The proposed addition to 58.13(d), in contrast, would apply to all activities, including group presentations, workshops, and in-home presentations. As proposed, the sentence provides no guidance as to when a “reasonable step” regarding language or method of communication is necessary or what constitutes “reasonable steps.” If the proposed addition is intended to require translation services for a broad scope of events, and regardless of the prevalence of a particular language in PECO’s service territory, the costs may be substantial and will mean that less funding will be available for usage reduction measures.

PECO understands the Commission’s interest in providing customers with access to energy conservation educational services in other languages and therefore recommends an alternative requirement that is more aligned with 52 Pa. Code § 56.91(b)(17). Specifically, the Company proposes to strike the sentence at issue and include the following as a subsection to subpart (d) “*Energy conservation education materials. The utility must take reasonable steps to provide energy conservation educational 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."

The second addition of concern is the new requirement in proposed § 58.13(d)(4) to provide post-installation education, in person or by phone, to all LIURP recipients whose usage has increased 12 months post-installation. Such supplemental education, especially if in person, would likely result in additional LIURP expenditures that may not necessarily lead to any usage reductions. Many factors impact energy usage outside of installed LIURP measures, including weather and changes in customer behaviors. Further, PECO believes that utilities should have some flexibility in how they approach post-installation contacts with the customer. PECO notes that it currently monitors LIURP participant usage for 12 months after measure installation and provides monthly progress letters to customers to highlight any changes in monthly usage as compared to the customer's individual goal. In addition, two years after a customer receives LIURP measures, they may receive an additional visit and audit if they remain otherwise eligible for the program. Simply put, the Commission's proposed requirements for customer contact at 12 months post-installation are not necessary and would likely result in increased costs, potentially without corresponding usage reductions.

6. § 58.13a LIURP pilot programs

Similar to the Company's comments in response to proposed § 58.4 (LIURP budgets), PECO believes the Commission should preserve the ability to consider LIURP pilots in non-USECP proceedings. There may be other types of proceedings, such as base rate proceedings, where it would be appropriate to consider whether a new LIURP pilot (or changes to an existing pilot) would be reasonable and beneficial for customers.

7. § 58.14 Program measure installation

PECO generally supports the revisions in proposed § 58.14 but recommends a clarifying edit in subsection (d) related to warranties. The Company believes the language should reflect the fact that a utility may not directly warranty program measures but may instead rely upon manufacturer warranties or the contractual obligations of measure installers to provide warranty protections to customers. PECO recommends replacing “A public utility shall warranty program measures” with “A public utility shall ensure warranties are provided for program measures...”

8. § 58.14a Quality control

PECO recommends striking two provisions of proposed § 58.14a. The first provision, § 58.14a(d), requires a utility to establish a separate process for customers to file a complaint about the LIURP work performed by an ESP. The Company does not believe a specialized complaint process is necessary where: (1) customers already have the ability to file a complaint with the Commission; and (2) utilities may have existing channels for resolving LIURP issues. However, PECO believes that it is important to ensure that LIURP participants have information about avenues for addressing LIURP installation issues. The Company recommends replacing the Commission’s proposed § 58.14a(d) with a requirement that *post-installation* materials provided to LIURP participants include information about the existing, available methods for a customer to file a complaint.

The second provision, § 58.14a(f), requires the utility make additional contact with LIURP participants whose usage has increased by more than 10% within 12 months post-measure installation and perform a “follow-up inspection” when the utility “cannot substantiate the reason for the increase in energy usage.” PECO does not believe that contacting customers, and potentially inspecting customer homes, a year after the completion of LIURP measures is an appropriate use of LIURP funds. As explained earlier, there are a variety of non-LIURP-related

factors that may influence a customer's usage. Additionally, two years after a customer receives LIURP measures, they may receive an additional visit and audit if they remain otherwise eligible for the program. The Commission's proposed follow up actions have the potential to be costly but may not necessarily lead to any usage reductions. PECO believes those LIURP resources would be better directed towards installing measures for new LIURP participants.

9. § 58.14b Use of an ESP for program services

PECO opposes the directive in proposed § 58.14b(c) that utilities contract with multiple ESPs for program services if possible and provide a justification if a single ESP is used. For the reasons stated in PECO's comments above to proposed § 58.11, the Company believes that mandating the use of multiple ESPs is unlikely to improve customer experience and may increase LIURP administration costs. PECO notes that it has a very robust sourcing process to identify well qualified, local, and diverse-owned suppliers for the benefit of our customers and our community. Utilities are already required to utilize a competitive process to select ESPs and the Commission has further proposed certain minimum third party ESP qualifications. The Commission should not additionally require a justification from the utility if the competitive process results in the selection of a single ESP.

10. § 58.17 Modification of a LIURP / § 58.18 Waiver

PECO opposes the amendments in proposed § 58.17 and § 58.18 that require the use of a USECP proceeding to modify a utility LIURP or seek a waiver of LIURP requirements, respectively. For the reasons stated in PECO's comments to proposed § 58.4, the Company believes that it would be beneficial to preserve the flexibility to pursue LIURP modifications or waivers in non-USECP proceedings.

III. PECO'S RESPONSES TO ADDITIONAL TOPICS IDENTIFIED BY THE COMMISSION IN THE NOPR

A. Response to Request for Additional Feedback Regarding Costs and Cost Savings (NOPR, pp. 96-97)

PECO appreciates the Commission's request for input on important topics such as the costs and cost savings that may be associated with the Commission's proposed regulatory amendments. To understand the cost-related effects of the proposed amendments, there are a number of cost categories that must be considered including, but not limited to: the "steady state" administrative costs of managing LIURP; the cost of installed LIURP measures; the required back office support to implement and comply with program requirements and reporting; and "transitional" costs to accommodate the regulatory changes, which could include costs associated with IT modifications, legal support, and changes to procurement processes and/or contracts.

PECO believes that some of the Commission's proposed amendments may provide benefits and/or cost savings, such as replacing the 7- and 12-year payback requirements with a more flexible consideration of cost-effectiveness and directing utilities to establish budget allowances for incidental repairs and health and safety measures. Other proposed amendments may result in increased LIURP costs, such as the requirement to obtain and maintain detailed customer attribute information for "special needs" customers; the consideration of all estimated low-income customers, confirmed low-income customers, and special needs customers when determining revisions to LIURP budgets; and the requirement to use separate ESPs for audit and measure installation activities. It is not possible to quantify the cost of such changes without additional clarity regarding what is specifically being proposed. Further analysis would be required once the regulatory changes are clarified and finalized to accurately quantify associated cost and cost savings impacts.

B. Response to Additional Questions A-E Regarding Accounts with High Arrears (NOPR, pp. 97-98)

In Questions A through E, the Commission asks a range of questions related to LIURP and customers with high arrearage balances. As PECO previously stated, LIURP is a valuable program that provides energy efficiency services and energy education to PECO's low-income customers to help them reduce their energy usage. LIURP programs will help to enable eligible low-income customers reduce their future energy usage, thereby reducing their subsequent utility bills, which may help to improve their payment behavior by improving affordability. If LIURP helps a customer mitigate future arrearages, there may be a corresponding positive impact on future uncollectible write-offs and cost of collection efforts.

However, PECO notes that providing LIURP to customers with existing high arrearage balances does not reduce the uncollectible portion of their existing balances or the cost of collection efforts related to the existing high arrearage balances. For customers seeking to reduce their existing high arrearage balances, there are a number of options available including improving payment behaviors, adhering to authorized payment agreement requirements, and pursuing other Universal Service and government assistance programs such as CAP and the Low-Income Home Energy Assistance Program.

IV. CONCLUSION

PECO appreciates the opportunity the Commission has provided to offer these Comments on the proposed LIURP regulations and looks forward to working with the Commission and interested stakeholders on this initiative.

Respectfully submitted,



Anthony E. Gay (Pa. No. 74624)
Jack R. Garfinkle (Pa. No. 81892)
Jennedy S. Johnson (Pa. No. 203098)
PECO Energy Company
2301 Market Street, S23-1
Philadelphia, PA 19103
Phone: 267.533.0835
Fax: 215.568.3389
anthony.gay@exeloncorp.com
jack.garfinkle@exeloncorp.com
jennedy.johnson@exeloncorp.com

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