

**Pennsylvania Public Utility Commission
Fuel Switching Workgroup**

*Comments of the Pennsylvania Utility Project
Regarding Fuel Switching Examples*

The Pennsylvania Utility Law Project (“PULP”), as part of the non-profit Pennsylvania Legal Aid Network, provides statewide representation, advice, and support in energy and utility matters on behalf of low income, residential utility customers.

These comments focus on fuel switching only as it relates to low income, residential utility customers. However, it is important to note that the public policy of conserving energy and reducing consumer utility bills served by Act 129’s focus on electric distribution companies (“EDC”), would suggest a parallel requirement for natural gas distribution companies (“NGDC”).

PULP has no position on whether the Commission should prohibit, permit, or require fuel switching generally. However, respectfully we submit that there are three situations in which fuel switching may be cost effective, as well as beneficial to health and safety. In these situations, fuel switching should be approved.

There are three specific situations in which the subcommittee’s report seems to suggest that switching a customer from electric to natural gas heating is cost effective (with a Benefit/Cost Ratio of 1.3-1.5) and may save a customer money on heating over time. The importance of this kind of savings for low income households cannot be overstated: lower energy bills can lead to more stable payment, less likelihood of loss of service, and a healthier living standard for low income households. Improving the health and well-being of vulnerable

populations is an important enough public policy to justify permitting fuel switching in three specific situations involving low income households:

1. **Fuel switching where a customer's electric heating system is broken.** It may happen that an EDC or its agent, in the process of providing weatherization or Act 129 services, will discover that a low income household has no heat because the household's electric heating system is broken down. In these situations, when it is cost-effective for the customer, the EDC should be permitted to use EDC funds to replace the electric heating system with a natural gas system rather than repairing the old electric system or replacing the old electric system with a new electric system.
2. **Repairing or replacing a broken down gas furnace/heating system.** It may happen that an EDC or its agent, in the process of providing weatherization or Act 129 services to a low income household, discovers that the main heating source is natural gas, not electric. This often occurs where the household employs electric space heaters to heat the household due to the inoperability of the natural gas furnace, resulting in excessive electricity usage. In these situations, although not fuel switching per se, the EDC should be permitted to use EDC funds to repair the natural gas furnace or to replace it with another natural gas furnace.
3. **Replacing highly inefficient electric baseboard heat.** It may happen that an EDC or its agent, in the process of providing weatherization or Act 129 services to a low income household, discovers that the main heating source is electric baseboard heating, perhaps

the most inefficient heating available. In these situations, when it is cost-effective for the customer, the EDC should be permitted to use EDC funds to replace this inefficient baseboard heating with a natural gas heating system.

No matter what reasons drive the Commission's decision on the larger issue of fuel switching and no matter whether the Commission determines to prohibit, permit, or require fuel switching, the three situations listed above justify unique treatment because of the important public purpose they serve; in those situations, EDCs always should be permitted to use EDC funds to switch a customer from electric to natural gas or to help a natural gas customer repair a natural gas system.

Respectfully submitted,

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