

**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** :
: **COMMENTS**
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: **Docket Number: L-2016-2557886**
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**COMMENTS OF
NATIONAL FUEL GAS DISTRIBUTION CORPORATION
JANUARY 30, 2017**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. Introduction.

On December 16, 2016 the Pennsylvania Public Utility Commission (the “Commission”) entered a Secretarial Letter in this matter inviting comments including fourteen (14) questions that are considered to be instrumental in determining the scope of future rulemakings to update the existing Low-Income Usage Reduction Program (LIURP) regulations at 52 Pa. Code §§ 58.1 – 58.18. On December 31, 2017, the Secretarial Letter was published in the Pa Bulletin (46 Pa. B. 8188) initiating the 30 day comment period. Reply comments are due 30 days after the comment period.

National Fuel Gas Distribution Corporation (“National Fuel”, “Distribution” or “the Company”) is appreciative of the opportunity to share our knowledge and hands-on experience and submits the following Comments.

II. Comments

Distribution, a gas-only company, has had a long history of providing services for special needs customers including the low income and elderly with the first program, Neighbor for Neighbor Heat Fund in November 1983. Today, Distribution serves approximately 214,000 customers in its Pennsylvania Division in fourteen counties and offers a variety of programs including the Low Income Usage Reduction Program (LIURP), the Low Income Residential Assistance Program (LIRA), the Customer Assistance and Referral Evaluation Services Program (CARES) in addition to the Neighbor for Neighbor Heat Fund Program. Distribution has spent over \$27 million dollars on its LIURP program since its inception in 1988.

Distribution's LIRA program was initiated in 1991 shortly after the start of the Company's LIURP program in 1988. While independent, the two programs complement each other and provide benefits to many of the same customers. Distribution's LIRA program provides a discounted bill based on income and household size and allows for the customer to achieve immediate financial benefits in the form of a lower total bill when energy is conserved. The LIRA program also has an arrearage forgiveness component for those who make their billed monthly payments.

Distribution believes that its customers look to the Company as their energy provider and rely on the Company to provide energy efficiency education and guidance. Knowing how to use energy efficiently is what the Company does best and should continue to do. The Company, when faced with issues outside of energy efficiency such as roof repair, mold mitigation, or electrical repair, supports the use of other providers who have expertise in specialty areas to handle these non-energy efficient situations. This allows the customer to achieve the maximum benefit from each provider, the Company for energy conservation and the other experts for their

specific expertise. The Company should not be required to become an expert on health and safety issues outside the natural gas energy arena since this expertise already exists in other entities. The Company strongly encourages DCED monies to be allocated and used for health and safety repairs prior to the utility completing their energy efficiency work.

The Secretarial Letter's justification for reviewing the LIRUP regulations was that: Nationally accepted benefit/cost models now measure results on a whole-job basis; Utilities have reported that an increasing number of low-income households, particularly those in rental properties, are being disqualified under the regulations; and there are no work specifications, contractor certification requirements or quality control standards in the current LIURP regulations. Distribution believes that requiring whole-job models, work specifications, contractor requirements and quality control standards will increase the cost to administer the program and add significant complexity without any additional benefits to the recipients of LIURP program. Distribution provides quality workmanship while at the same time controlling costs to the best of its ability and continues to have a record of satisfied weatherized consumers. Requiring additional certifications and standards will only increase contractor dollars without receiving any beneficial tangible results.

The Company believes that it currently provides landlords with the appropriate information to encourage them to be more energy efficient landlords however the Company does not believe that ratepayers should foot the bill to improve rental properties. The Company would again encourage using DCED monies for improvements to health and safety rehabilitation for all potential LIURP jobs. Perhaps, for rental properties the state could provide landlords with tax incentives for energy efficient measures completed when renting to low income renters.

III. Responses to Specific Questions

1. Are the existing regulations meeting the charge in 52 Pa. Code § 58.1? If not, what changes should be made? *The Company does not believe any changes to the current regulations are necessary.*
2. How should LIURPs be structured to maximize coordination with other weatherization programs such as DCED's WAP and Act 129 programs? *The Company currently coordinates efforts to accomplish the best LIURP results which we wish to continue. Distribution suggests that if weatherization is being completed by utilities and considered for DCED services the job should be moved into priority status so all work will be completed in the same time frame.*
3. How can utilities ensure that they are reaching all demographics of the eligible populations in their service territories? *The Company receives and reviews candidates regularly from a variety of sources. In addition detailed Assessments specific to the utility are provided in the 3 year plan.*
4. What design would better assist/encourage all low-income customers¹ 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? *Distribution believes its LIRA program arrearage forgiveness provides the appropriate incentives to decrease payment delinquency. In addition, since the LIRA program is a discount on the customer's bill, the customer is incentivized to conserve since they will see an immediate benefit (lower consumption = lower bill). The Company's LIRA program also includes energy education and follow-up.*
5. How can the utilities to use their LIURPs to better address costs associated with uncollectible accounts expense, collection costs, and arrearage carrying costs? *Distribution uses its LIRA program as a source of potential LIURP participants thereby leveraging the LIRA program's effectiveness. The Company does not believe LIURP dollars should be allocated to any other programs except energy efficiency.*

¹ All income-qualifying, low-income customers are potentially eligible for LIURP, regardless of whether they participate in CAP programs.

6. How can LIURPs best provide for increased health, safety, and comfort levels for participants? *Distribution believes DCED monies should be used for extensive Health and Safety repairs on housing stock prior to the utility performing energy efficiency measures.*
7. How can LIURPs maximize participation and avoid disqualifications of households due to factors such housing stock conditions? *The Company will continue to encourage repairs to participate in LIURP and emphasize outcome benefits.*
8. What is the appropriate percentage of federal poverty income level to determine eligibility for LIURP? *The Company believes LIURP programs should be accessible to income levels up to 200% of poverty levels. The Company believes this will allow for a greater percentage of home ownership participation.*
9. With the additional energy burdens associated with warm weather, what if any changes are necessary to place a greater emphasis on cooling needs? *The Company does not believe LIURP dollars should be used for cooling needs.*
10. What are options to better serve renters, encourage landlord participation, and reach residents of multifamily housing? *Landlords are incentivized by LIURP funded improvements made to their property in that the property appreciates in value.*
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. *The Company does not believe this is necessary. Each company calculates the needs assessment to best reflect their service areas' population.*
12. Should the interplay between CAPs and LIURPs be addressed within the context of LIURP regulations? If so, how? *Distribution already uses participants in its LIRA program as potential candidates in the LIURP program. The Company would discourage a one size fits all mentality and would continue to encourage each utility to seek out methods unique to its service territory to best leverage rate payer's money.*

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? *The Company believes the management of its LIURP program would be a “best practice” example and is willing to share its knowledge with other utilities.*

IV. Conclusion

National Fuel Gas Distribution Corporation again appreciates the opportunity to share its LIURP knowledge and success with the Commission and believes the current regulations provide the appropriate guidance without adding additional costs to the program.

Respectfully submitted,

Dated: 1/30/2017



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