

Amy Hirakis
Counsel

PPL
Two North Ninth Street
Allentown, PA 18101-1179
Tel. 610.774.4254 Fax 610.774.6726
AEHirakis@pplweb.com



E-File

January 30, 2017

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

**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**

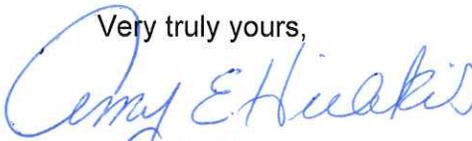
Dear Ms. Chiavetta:

Enclosed for filing on behalf of PPL Electric Utilities Corporation ("PPL Electric") is an original of PPL Electric's Comments in the above-captioned proceeding. These Comments are being filed pursuant to the Secretarial Letter issued on December 16, 2016 in the above captioned proceeding.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on January 30, 2017, which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions regarding these comments, please call me at (610)774-4254 or Bethany Johnson – Manager, Regulatory Operations at (610)774-7011.

Very truly yours,



Amy Hirakis

Enclosures

cc via email: Tanya J. McCloskey, Esquire
Mr. John R. Evans
R. Kanaskie, Esquire
Sarah Dewey
Louise Fink Smith

**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
PPL ELECTRIC UTILITIES CORPORATION**

I. INTRODUCTION

On December 16, 2016, the Pennsylvania Public Utility Commission (Commission) issued a Secretarial Letter announcing its intent to conduct a rulemaking to modify the existing Low-Income Usage Reduction Program (LIURP) regulations at 52 Pa. Code §§ 58.1 – 58.18. In the Secretarial Letter, the Commission identified a number of topics relating to LIURP and posed 14 questions to which the Commission solicited responses from interested stakeholders. The Secretarial Letter directed interested parties to submit their responses within 30 days of the date that the Secretarial Letter was published in the Pennsylvania Bulletin, and provided that reply responses were due 30 thereafter.¹ The Commission will consider the responses from the stakeholders in determining the scope of the future rulemaking.

PPL Electric Utilities Corporation (“PPL Electric” or “Company”) appreciates the opportunity to provide input on this important matter. PPL Electric is a public utility and electric distribution company (EDC) that provides electric distribution services to approximately 1.2 million residential customers throughout its service territory, which includes 29 counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania. PPL

¹ The Secretarial Letter was published in the Pennsylvania Bulletin on December 31, 2016. Initial responses to the Secretarial Letter are due by January 30, 2017, and reply responses are due by March 1, 2017.

Electric provides LIURP services to approximately 3,300 low income customers per year, and has an annual LIURP budget of \$10 million. As a LIURP provider, PPL Electric welcomes the opportunity to share its experiences relating to LIURP in order to assist the Commission in its rulemaking, and submits these Comments to assist the Commission in identifying the areas of the LIURP regulations that should be examined and possibly revised. The Company looks forward to working with the Commission and other stakeholders throughout this process.

II. PPL ELECTRIC'S RESPONSES TO THE COMMISSIONS QUESTIONS

1. Are the existing regulations meeting the charge in 52 Pa. Code § 58.1? If not, what changes should be made?

As provided in Section 58.1, the intent of LIURP is to “assist low income customers conserve energy and reduce residential energy bills,” which should “decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.” 52 Pa. Code § 58.1. The section further states that the program is intended to reduce demand for electricity and gas, and improve the health, safety and comfort levels of participating customers. *Id.*

PPL Electric has been providing LIURP since 1985, first as a pilot program, and then as a full-fledged program beginning in 1988. PPL Electric's program, named the Winter Relief Assistance Program, or WRAP, was designed to comply with the LIURP regulations and to meet the objectives identified in Section 58.1. Although PPL Electric believes that the existing LIURP regulations support the objectives of Section 58.1, and that WRAP meets those objectives, the Company believes that there may be opportunity to increase the effectiveness of LIURP through careful revisions to the existing regulations.

2. *How should LIURPs be structured to maximize coordination with other weatherization programs such as DCED's WAP and Act 129 programs?*

PPL Electric supports coordination with other weatherization programs, where cost-effective, in order to maximize services to customers. The Company's specific coordination guidelines are included in the Company's Universal Service and Energy Conservation Plan ("USECP"). PPL Electric's coordination guidelines are based on the procedures developed by the Commission's Universal Service Coordination Working Group.²

Despite the coordination efforts between PPL Electric and other weatherization programs, the Company acknowledges that coordination with other programs can be challenging due to variances in funding levels, eligibility criteria, and the prioritization process for serving customers. PPL Electric offers the following suggestions to maximize coordination.

First, PPL Electric proposes that smaller weatherization programs take the lead in coordinating non-emergency services with larger weatherization programs. Smaller weatherization programs have more opportunities to coordinate with larger programs than vice versa, simply because of the number of jobs the weatherization programs complete each year.³ The Company believes that having smaller programs identify jobs and reach out to larger providers will streamline the coordination efforts.

Second, to further enhance coordination between weatherization providers, PPL Electric recommends that utilities be permitted to share customer application and usage data as part of the coordination process, so long as all providers agree to keep customer information confidential.

² Docket No. M-2009-2107153, April 28, 2010.

³ For example, PPL Electric serves approximately 1,200 non-electric heating customers through LIURP each year. In addition, PPL's Act 129 WRAP serves approximately 5,000 customers per year. In contrast, the predominant natural gas distribution company ("NGDC") in PPL Electric's service territory served 106 customers through LIURP in 2015, as documented in the Commission's 2015 Report on Universal Service Programs & Collections Performance.

Third, PPL Electric suggests that the Commission establish a working group amongst the utilities to update the coordination procedures established in 2010, to provide guidelines for *de facto* heat customers, and to develop a process for addressing “high energy” customers that use multiple heating sources.

Fourth, the Company supports adding language to “encourage” joint training, quality assurance, and training initiatives for weatherization providers where cost effective and feasible.

Finally, the Company recommends revising Section 58.14(c), which addresses inter-utility coordination, to remove the specific provisions dictating how EDCs and NGDCs are to coordinate services. PPL Electric recommends revising this section to require that utilities include coordination guidelines in their USECPs. Making these changes will grant utilities more flexibility as technology and customer needs change, since the coordination guidelines will be reviewed every three years as part of the USECP filing.

3. ***How can utilities ensure that they are reaching all demographics of the eligible populations in their service territories?***

PPL Electric uses a variety of methods to reach the eligible customers in its service territory. The primary method used to reach eligible customers is partnering with community-based organizations (“CBOs”) to promote LIURP and provide and accept program referrals. The Company also explores the use of new technologies to promote LIURP and increase customer enrollment. PPL Electric also utilizes information provided by the U.S. Census Bureau, its internal analytics groups and third-party evaluators to help ensure that LIURP funding is appropriately distributed across its service areas. Although the Company believes that it has been successful at reaching eligible customers in its service territory, the Company looks forward to exploring other opportunities to do so.

4. ***What design should better assist/encourage all low-income customers to conserve energy to reduce their residential energy bills and decrease incidence and risk of payment delinquencies? How does energy education play a role in behavior change?***

PPL Electric suggests that the utilities have the discretion to require participation in energy education as a pre-requisite for LIURP, prior to the initial contractor visit. The Company also proposes providing energy education funded by LIURP, where a CAP customer has low-usage and/or is an unlikely candidate for direct-install measures. The Company suggests exploring and implementing ways to make education easy and convenient for the customer, such as a video emailed to the customer. The Company also supports joint educational (e.g., the development of energy-saving videos) and contractor training efforts with weatherization providers where cost-effective and feasible.

5. ***How can the utilities use their LIURPs to better address costs associated with uncollectible accounts expense, collection costs, and arrearage carrying costs?***

PPL Electric trains its LIURP contractors to make referrals to OnTrack, PPL Electric's customer assistance program. The Company also supports using LIURP funds to educate (1) "high usage" customers who are not eligible for LIURP, and (2) OnTrack customers whose usage increases post-treatment. To further address costs associated with uncollectible account expense, collection costs, and arrearage carrying costs, PPL Electric recommends improving the coordination between EDCs and NGDCs when it comes to addressing *de facto* heating customers. Specifically, PPL Electric recommends that CAP customers with installed gas furnaces that are using electric space heaters due to affordability issues or termination of gas service receive priority for LIURP services.

6. *How can LIURPs best provide for increased health, safety and comfort levels for participants?*

PPL Electric currently aligns its health and safety standards and budget in accordance with the standards of the Department of Community and Economic Development's ("DCED") Weatherization Assistance Program ("WAP"). The Company supports the installation of cost-effective health and safety measures, as needed, when installing energy-saving measures. PPL Electric, however, does not support revising the LIURP regulations to allow for rehabilitation or remediation work that greatly exceeds the scope of LIURP, as this would most likely result in fewer customers being served. Additionally, it would not be cost-effective for a contractor to hire and train individuals to address health and safety issues that are found infrequently during weatherization assessment.

7. *How can LIURPs maximize participation and avoid disqualifications of households due to factors such as housing stock conditions?*

PPL Electric did not disqualify any LIURP jobs due to housing stock in 2016. The Company advocates the practice of providing lesser services (e.g., baseload measures for EDCs) in situations where housing stock prevents the installation of specific measures. The Company proposes that in situations where a home is disqualified due to housing stock conditions, the utility re-enroll and prioritize service to the customer once the problem has been resolved by the customer, landlord, or other resources. PPL Electric does not believe, however, that LIURP should be used to repair defective housing conditions. The purpose of LIURP is to reduce energy usage to help make the utility bills for low income customers more affordable, not to rehabilitate defective housing conditions. Moreover, if the utility were to address the housing

stock condition as part of LIURP, it is likely that the number of customers able to be served would decrease.

8. *What is the appropriate percentage of federal poverty income level to determine eligibility for LIURP?*

“Low income customer” is defined as a customer with household income at or below 150% of the Federal poverty income guidelines (“FPIG”). 52 Pa. Code § 58.2. PPL Electric supports increasing the income level from 150% of the FPIG to 200% of the FPIG. With this change, PPL Electric and other utilities will have greater flexibility to coordinate services and measures with programs that exceed the 150% threshold, such as DCED’s WAP. Additionally, the Act 129 low income programs are only available to customers with incomes at or below 150% of the FPIG. Therefore, increasing the income eligibility threshold to 200% of the FPIG will provide EDCs with the ability to serve a customer segment not addressed through the Act 129 low income programs.

In the alternative, the Company recommends that the regulations be revised to relieve the utilities of the “20 percent rule,” found in Section 58.10(c), which only allows a utility to spend up to 20% of its annual program budget on treating special needs customers.⁴ See 52 Pa. Code § 58.10(c). Although removing the “20 percent rule” will not permit the utilities to provide LIURP services to all customers whose household incomes range from 151% and 200% of the FPIG, it would provide the utilities greater flexibility to serve this segment of customers.

⁴ “Special needs customers” are defined as a customer having an arrearage with the covered utility and whose household income is at or below 200% of the FPIG. 52 Pa. Code § 58.2.

9. *With the additional energy burdens associated with warm weather, what if any changes are necessary to place a greater emphasis on cooling needs?*

PPL Electric believes that the LIURP regulations adequately address cooling needs. Most EDCs, including PPL Electric, currently provide cooling measures (e.g., window air conditioner replacement) as standard LIURP measures.

10. *What are options to better serve renters, encourage landlord participation, and reach residents of multifamily housing?*

PPL Electric believes that responding to landlord questions in a timely manner and assisting tenants in the application and enrollment process encourages most reasonable landlords to participate in WRAP. If PPL Electric does not receive landlord permission, it conducts energy education, provides baseload items, and distributes energy conservation kits to these customers. PPL Electric agrees, however, that each occurrence of a landlord not consenting to LIURP services is a missed opportunity to provide the benefits of LIURP to a customer. To encourage landlord participation, PPL Electric supports revising Section 58.8(a) to eliminate the following clause from landlord consent letters: “the landlord agrees, in writing, that rents will not be raised unless the increase is related to matters other than the installation of the usage reduction measures, and the tenant not evicted for a stated period of time at least 12 months after the installation of the program measures, if the tenant complies with ongoing obligations and responsibilities owed the landlord.” 52 Pa. Code § 58.8(2). The Company has found that this clause confuses and/or concerns landlords, which could chill their willingness to consent to LIURP services. Further, the utilities cannot make landlords honor these agreements.

- 11. *Should the requirements regarding a needs assessment in developing LIURP budgets, as outlines at 52 Pa. Code § 58.4(c), be updated to provide a calculation methodology uniform across all utilities? If so, provide possible methodologies.***

PPL Electric supports working with the Commission and other stakeholders to work towards a standard and improved methodology.

- 12. *Should the interplay between CAPs and LIURPs be addressed within the context of LIURP regulations? If so, how?***

PPL Electric does not believe that the interplay between CAPSs and LIURPs should be addressed within the context of the LIURP regulations because each utility has designed its CAP differently and customer LIURP “need” extends beyond CAP participants. The Company believes that the appropriate context to address the link between CAPs and LIURP is in a utility’s USECP, which is filed by each utility every three years.

PPL Electric notes that it has established a strong link between OnTrack and WRAP, with approximately two-thirds of WRAP recipients participating in the OnTrack program. PPL Electric continues to reach out to high-use OnTrack customers to encourage them to apply for WRAP services.

- 13. *Are there specific “best practices” that would better serve the LIURP objectives which should be standardized across all 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?***

PPL Electric believes that the LIURP regulations have provided a sufficient framework for each utility to develop and hone best practices tailored to the needs of its customers. As such, the Company cautions against adopting any specific “best practices” for inclusion in the LIURP

regulations. PPL Electric believes that a better approach may be to address best practices in each utility's USECP, which is reviewed by the Commission every three years.

14. *The Commission also welcomes stakeholder input on other LIURP issues or topics.*

PPL Electric offers the following additional recommendation for the Commission's consideration:

- Revising the definition of "Residential space heating customer."

PPL Electric recommends that the definition of "residential space heating customer" be revised to define "primary heating source" as "a residence with a minimum of 50% installed electric or gas heat as provided by the covered utility." See 52 Pa. Code § 58.2. The proposed revision is consistent with how PPL Electric defines electric space heating when categorizing customers with electric heat for CAP payments. PPL Electric believes that customers that use non-installed electric heat (e.g., portable space heaters) should not be categorized as electric "residential space heating customers."

- Including flexibility for utilities to serve non-"high usage" electric baseload customers.

PPL Electric agrees with the definition of "high use" contained within the definition of "Residential high use electric baseload customer." 52 Pa. Code § 58.2. The Company, however, suggests revising the LIURP regulations to provide the EDCs with flexibility to serve non-high usage baseload customers. In the Company's experience, baseload customers that do not meet the threshold of "high usage" have potential to reduce their usage when their consumption is attributed to inefficient lighting and appliances. The Company also believes that expanding LIURP to non-high usage baseload customers who participate in customer assistance

programs, such as PPL Electric's OnTrack program, may help these customers not exceed their CAP benefits.

- Eliminating Section 58.9 "Program Announcements" from regulations

PPL Electric recommends eliminating Section 58.9 because program announcement activities are subject to change based on funding, technology, and customer need. The Company proposes that the utilities continue to address activities for program announcement and enrollment in the respective USECPs.

- Revising Section 58.10 "Program Announcement"

PPL Electric agrees that utilities should target outreach and program enrollment to those with the largest usage and the greatest opportunities for bill reduction. The Company does not agree, however, that factors such as the size of the dwelling, the number of occupants, and the end use of utility service should play a role in prioritizing services. *See* 52 Pa. Code § 58.10(a)(1). Tracking this specific information increases program costs, and PPL Electric does not capture the size of the dwelling until after the initial contractor visit.

PPL Electric also disagrees with prioritizing services based on the size of the arrearage or household income for the following reasons: (1) the majority of LIURP recipients are CAP customers with arrearages, thus customers without an overdue amount would wait for very long periods for service; (2) tracking arrearage and income information is administratively burdensome; and (3) there are other critical factors that impact customer need, such as exhaustion of CAP credits due to usage, emergency system repair, and need to coordinate LIURP with other services.

- Revising Section 58.11 “Program Energy Survey”

Although PPL Electric agrees with the payback criteria as a general guideline for installing energy saving measures, the Company suggests adding language that will allow for more flexibility based on customer needs and auditor recommendations. *See* 52 Pa. Code § 58.11(a). PPL Electric does not offer proposed language at this time, but it believes such language can be developed with the input of all stakeholders during the rulemaking.

PPL Electric also agrees that LIURP funds should not be used for fuel switching in a single-fuel utility. *See* 52 Pa. Code § 58.11(b). The Company requests, however, that this section better define fuel switching. PPL Electric suggests that if an NGDC or EDC installs electric or gas heat in a home that has not used its primary heating source for at least two heating seasons, installing a new heating source shall not be considered fuel switching.

- Revising Section 58.13 “Usage Reduction Education”

PPL Electric proposes that Section 58.13 be revised to exclude the word “direct” from the sentence “the covered utility shall provide *direct* assistance to low income usage reduction program recipients in making application to secure available energy assistance funds.” 52 Pa. Code § 58.13(a) (emphasis added). The Company believes that the inclusion of the word “direct” could be interpreted as utilities having the duty to complete the applications for energy assistance funds on behalf of the customers, as opposed to directing customers to these resources.

The Company further proposes revising Section 58.13(d) to include technology as an educational method. Since technology is always evolving, instead of listing specific examples of technology which may become outdated, the Company recommends that the reference to technology allow for changes and advancements.

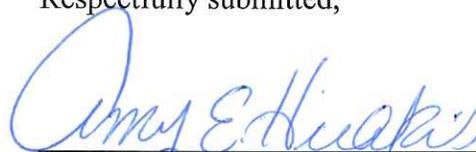
- Revising Section § 58.16 “Advisory Panels”

Section 58.16 requires that utilities maintain a Usage Reduction Program Advisory Panel to advise the utilities regarding usage reduction services. 52 Pa. Code § 58.16(a). The regulation also provides specific rules on membership to the advisory panels. *See* 52 Pa. Code § 58.16(b). The Company believes that there is value in receiving input and advice from stakeholders, and supports the general concept of this regulation. PPL Electric, however, recommends that this regulation be revised to provide more flexibility in the types of meetings that utilities hold with stakeholders, and the rules governing membership participation. As such, PPL Electric recommends that the regulation be updated to reference “stakeholder meetings” and “collaboratives,” instead of only advisory panels, and permit flexibility in membership rules. Further, the Company recommends that the regulation provide flexibility in how stakeholder meetings occur, as technology allows a variety of communication options for groups to participate in such meetings.

III. CONCLUSION

As stated above, PPL Electric supports the Commission's efforts to update the existing LIURP regulations and appreciates this opportunity to provide input on the scope of the future rulemaking. PPL Electric looks forward to working with the Commission and other stakeholder as this process moves forward.

Respectfully submitted,



Kimberly A. Klock (ID #89716)

Amy E. Hirkis (ID #310094)

PPL Services Corporation

Two North Ninth Street

Allentown, PA 18101

Voice: 610-774-5696

Fax: 610-774-6726

E-mail: kklock@pplweb.com

E-mail: aehirakis@pplweb.com

Date: January 30, 2017

Counsel for PPL Electric Utilities Corporation