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E-File

March 1, 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 Reply Comments in the above-captioned proceeding. These Reply Comments are being filed pursuant to the Secretarial Letter issued on December 16, 2016 in the above captioned proceeding.

A Word version of this document has been provided electronically to Ms. Dewey and Ms. Fink Smith as directed by the December 16 Secretarial Letter.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on March 1, 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 Melinda Stumpf – Manager, Regulatory Programs/Business Services at (484)634-3297.

Very truly yours,

Amy E. 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 :

**REPLY COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

I. INTRODUCTION

On December 16, 2016, the Pennsylvania Public Utility Commission (“Commission”) issued a Secretarial Letter soliciting comments from interested parties addressing issues to be considered by the Commission in a future rulemaking to update the current Low-Income Usage Reduction Program (“LIURP”) regulations at 52 Pa. Code §§ 58.1 – 58.18. Comments were due by January 30, 2017, with reply comments due 30 days thereafter. Pursuant to the Secretarial Letter, PPL Electric Utilities Corporation (“PPL Electric” or “Company”) submits the following Reply Comments in response to comments filed by several other parties in this proceeding. While PPL Electric is not responding to each party who submitted comments, failure to address any specific proposal should not be interpreted as agreement with those proposals.

II. REPLY COMMENTS

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

In its comments, the Commission on Economic Opportunity (“CEO”) proposes that the Commission refer the utilities’ triennial Universal Service and Energy Conservation Plans (“USECPs”) to the Office of Administrative Law Judge (“OALJ”) for evidentiary hearings. CEO Comments at p. 1.

PPL Electric opposes this proposed procedural change. PPL Electric believes that the current process provides all interested parties the opportunity to review and comment on the proposed USECPs prior to the Commission issuing a final determination on the proposed USECPs. The Commission also has the ability to refer the USECPs to the OALJ for hearings if the parties raise relevant factual issues in their comments. Therefore, PPL Electric believes that referring USECPs to the OALJ for hearings upon filing is unnecessary and would be costly and time-consuming for all parties involved. Further, referring the USECPs for evidentiary hearings at the outset would remove the Commission's Bureau of Consumer Services from the process, which could lead to vastly different programs amongst the utilities that do not consistently reflect the policy objectives of the Commission.

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

CEO and the Pennsylvania Weatherization Providers Task Force ("Task Force") recommend that the LIURP regulations be revised to require utilities to use community based organizations ("CBOs") to administer and deliver LIURP. CEO Comments at p. 2; Task Force Comments at p. 1. Similarly, the PA Energy Efficiency For All Coalition ("PA-EEFA") recommends that utilities be required to prioritize Weatherization Assistance Program ("WAP") agencies as LIURP and Act 129 contractors. PA-EEFA Comments at p. 9. PPL Electric supports the use of CBOs to administer LIURP where cost-effective and available. The Company currently uses a healthy blend of CBOs and private contractors to effectively manage its LIURP and maximize timely services to customers. However, PPL Electric does not believe that the regulations should require the exclusive use of CBOs or WAP agencies, because the utilities are directly accountable for the results of their programs.

PA-EEFA also raises the issue of *de facto* heating in the context of coordination. PA-EEFA Comments at p. 8. Specifically, PA-EEFA recommends that electric distribution companies (“EDCs”) repair or replace broken oil heating systems when customers use electric space heating. As provided in PPL Electric’s Comments, *de facto* heating presents numerous challenges for utilities and customers, and PPL Electric continues to recommend that the Commission establish a working group to address *de facto* heating prior to adopting any particular recommendations regarding this issue. PPL Electric Comments at p. 4. Further, PPL Electric supports referring customers to LIHEAP Crisis for emergency heat repair when the program is available.

PA-EEFA and the Office of Consumer Advocate (“OCA”) recommend that the EDCs and NGDCs partner together to coordinate the installation of program measures, as opposed to installing measures separately. PA-EEFA Comments at p. 10; OCA Comments at pp. 15-16. PPL Electric agrees that this is a viable option in situations where the same contractor works for both the EDC and NGDC, and the utilities have the systems’ capability to coordinate measures. PPL Electric submits, however, that such coordination is not always practical and, therefore, should not be a mandate.

The OCA also recommends that the utilities coordinate resources with the water companies. OCA Comments at p. 16. While PPL Electric is not initially opposed to this type of coordination, the OCA’s proposal does not offer any details on the type of coordination, how this would work, or the benefits that would result. These details should be addressed and known prior to this proposal being considered for inclusion into the revised LIURP regulations.

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

In its comments, CEO recommends setting aside funds to create energy education using input and best practices from providers. CEO Comments at p. 3. CEO also recommends that customers be required to participate in education before, during and after the LIURP process. Although PPL Electric believes that education is a critical component of LIURP, it opposes both of these recommendations. Currently, utilities address their education requirements in their USECPs, and this practice provides flexibility for the utilities to adopt educational requirements that work best for them and their customers. PPL Electric believes that it is important that utilities retain flexibility in designing their own education requirements so that the education requirements are compatible with each utility's unique program.

The OCA suggests identifying reporting requirements to determine how the companies are serving the needs of the service territory. OCA Comments at p. 24. PPL Electric does not believe additional reporting is necessary. The utilities address outbound initiatives in their USECPs, the LIURP Annual Narrative Reports, and the six year third-party evaluation process.

PA-EEFA recommends that outreach materials be readily accessible in the languages spoken by the utility's customers. PA-EEFA Comments at p. 12. PPL Electric uses local community based organizations that know the population that they serve to provide referrals and outreach to customers who speak languages other than English. PPL Electric has found that this approach to engaging non-English speakers works. Therefore, the Company cautions against requiring utilities to take on additional costs that might not yield results.

4. *What design would better assist/encourage all low-income customers 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?*

In its comments, PA-EEFA recommends that utilities provide energy education at the time of measure installation and again six months after installation. PA-EEFA Comments at p. 15. PPL Electric believes that utilities should continue to have flexibility in crafting their education requirements. As stated above, utilities address their educational procedures in their USECPs. This practice provides flexibility for the utilities to adopt educational requirements that work best for them and their customers. For example, PPL Electric has found that providing energy education prior to the installation of measures, as opposed to the time of installation, allows its auditors to determine which measures are most cost-effective for that particular customer.

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

The OCA submits that the LIURP regulations should require a reporting of the impact on LIURP on nonpayment and arrears. OCA Comments at p. 20. The utilities report arrearage and payment data in conjunction with their LIURP Annual Report. Additionally, the utilities undergo a third-party evaluation every six years that reviews the payment patterns of LIURP customers. PPL Electric opposes additional tracking and reporting that would increase administrative, information technology and evaluation costs. Furthermore, it would be very difficult to assess the direct impact of LIURP on payment patterns as many factors influence customer payment and arrearage.

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

In its comments, PA-EEFA states that current program rules can prevent utilities from providing the treatments that would result in the greatest energy savings and bill reductions for customers. PA-EEFA Comments at p. 17. PA-EEFA avers that this obstacle can prevent LIURP from addressing critical issues, including *de facto* heating and inoperable heating systems. *Id.* at pp. 17-18. PPL Electric agrees that policies concerning *de facto* heating and fuel switching need to be addressed in this proceeding. PPL Electric recommends that the Commission establish a working group to address these issues.

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

The OCA recommends that the regulations set aside a portion of the LIURP budget to address low-income customers between 150-200% of the Federal Poverty Level (“FPL”). OCA Comments at p. 19. As provided in its Comments, PPL Electric supports serving customers up to 200% of the FPL, as it will enable EDCs to serve a customer segment not addressed through Act 129. PPL Electric Comments at p. 7. The higher poverty threshold also provides more opportunities for coordination with other weatherization providers.

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

CEO states that “[t]raditionally, very few multi-unit housing jobs (small or large) have been weatherized through LIURP, presumably because the utility companies did not view them as cost-effective jobs. In our experience, however, we have seen an increase in small multi-unit

housing jobs under LIURP.” CEO Comments at 4. To encourage landlord participation in LIURP, CEO recommends providing “participation incentives,” such as servicing all units in a multi-unit building if at least 50% of the tenants are LIURP eligible. *Id.*

PPL Electric disagrees with CEO’s assessment that utilities do not view multifamily housing units as cost-effective jobs. PPL Electric has weatherized a number of multifamily premises through LIURP as well as under Act 129. Additionally, PPL Electric already services all units in a multifamily building if at least 50% of the tenants are LIURP-eligible. In terms of “participation incentives,” PPL Electric opposes using any ratepayer funds to offer any type of monetary incentives for LIURP participation, particularly in the landlord-tenant context where building owners own the property for investment purposes.

In its comments, PA-EEFA recommends creating targets for multifamily participation. PA-EEFA Comments at p. 24. PPL Electric does not support creating multifamily participation targets. Excess tracking may prohibit the utilities from serving single-family customers who may have a greater need for LIURP. Also, these targets will not take into account multifamily units served by Act 129.

The OCA recommends that a multifamily property be more than 50% low income to be LIURP eligible. OCA Comments at p. 31. PPL Electric currently is permitted to weatherize an entire multifamily building if 50% of the tenants are low income. PPL Electric has found that many landlords want all units in a building to have the same energy-efficiency amenities. Therefore, the Company believes that the OCA’s recommendation could be a barrier for landlord participation.

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.

PA-EEFA and the OCA both propose changes to the needs assessment. PA-EEFA Comments at p. 27; OCA Comments at p. 9. As stated in its Comments, PPL Electric supports working with other stakeholders to develop standards and an improved methodology for the needs assessment and, therefore, recommends that the Commission hold a stakeholder meeting to address this particular issue. See PPL Electric Comments at pp. 8-9.

The OCA also recommends that a multifamily housing needs assessment should be completed as a separate component of the overall needs assessment and should have a separate budget. OCA Comments at p. 12. PPL Electric does not support the OCA's recommendation, as creating a separate needs assessment and budget for multifamily buildings may impact a utility's ability to serve single-family customers who may have a greater need for LIURP and will not take into account multifamily units served by Act 129.

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

PA-EEFA recommends that the interplay between CAP and LIURP should be addressed in the LIURP Regulations. Pa-EEFA Comments at pp. 28-29. As stated in PPL Electric's comments, the Company does not believe that the interplay between the two programs should be addressed in the context of the LIURP regulations; rather, the issue should continue to be addressed in the context of each utility's USECP. See PPL Electric Comments at p. 9.

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

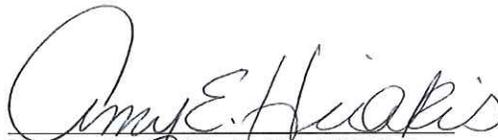
CEO recommends that the LIURP regulations include requirements for LIURP training standards. CEO Comments at p. 5. PPL Electric believes that contractor training and quality control should be addressed in the utilities' USECPs, as training certifications and work specifications tend to change.

The OCA recommends that the Commission develop a *de facto* space heating program as part of the regulations. OCA Comments at p. 17. As stated in its Comments and above, PPL Electric proposes that the Commission establish a working group to address *de facto* heating customers.

III. CONCLUSION

PPL Electric appreciates the opportunity to provide these Reply Comments and looks forward to continuing to work with the Commission and other stakeholder as this process moves forward.

Respectfully submitted,



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