
ReEnergize Pittsburgh Coalition (www.reenergizepgh.org) focuses on increasing access to and demand for energy efficiency and healthy homes to improve quality of life for homeowners and renters of all income levels throughout Western Pennsylvania.

First and foremost, the Coalition would like to thank the Pennsylvania Public Utility Commission for the study\(^1\) to evaluate residential energy burdens for electric and gas services and to determine what may constitute an affordable energy burden for Pennsylvania’s low-income households. Many of our member organizations directly work with and serve low-income residents and, witnessing the hardships, we share the passion for improving their quality of life.

We commend the Commission’s motivation, and support the direction, suggested by the study authors, to reduce energy burdens through CAP programs for low-income, payment-troubled customers. Customers who enroll in a CAP agree to make monthly payments in exchange for continued utility services and debt forgiveness. Those monthly payments, which may be set at an amount less than the customer’s current bill, are based on factors such as household size and gross income of the household and may include an add-on amount to help offset the customer’s pre-program debt. It is clear from the study that the energy burdens experienced by the lowest-income customers (with incomes at 0%-50% of Federal Poverty Income Guidelines (FPIG)) substantially exceed current Commission guidelines for acceptable energy burden levels, and some excess is also present in 50%-100% and 100%-150% brackets. Moreover, when comparing to other states’ energy burdens and general principles, e.g., in lending industry, which determines % of income spent on housing and utilities, current policy guidelines for maximum limits, such burden appear too high.

We commend the Commission for recognizing the role of each universal service program – including CAP, LIURP, CARES, and Hardship Fund programming – in reducing a household’s energy burden. Of particular relevance to our comments is integral role of energy efficiency and usage reduction services in the delivery of holistic and comprehensive universal service programming. As we discuss below, LIURP has the potential to significantly reduce a household’s energy burden. Thus, we encourage the Commission to review the availability LIURP services across the state as part of this

\(^1\) http://www.puc.pa.gov/pcdocs/1602386.pdf
broader inquiry into low income energy burdens, and to include an increase in funding for LIURP services as a critical part of the solution.

Pennsylvania Code, Chapter 58\(^2\), amended in January 1998, established a residential low income usage reduction program (LIURP). Within this program, the Commission has the authority to provide guidelines for gas and electric utilities and revise the funding levels. Quoting from that law: “Annual funding for a covered natural gas utility’s usage reduction program shall be at least 0.2% of a covered utility’s jurisdictional revenues. A target annual funding level for a covered electric utility is computed at the time of the Commission’s initial approval of the utility’s proposed program. A covered electric utility shall continue funding the program at that level until the Commission acts upon a petition from the utility for a revised funding level, or until the Commission reviews the need for program services and revises the funding level through a Commission order that addresses the recovery of program costs in utility rates. [...]”

*Guidelines for revising program funding.* A revision to a covered utility’s program funding level is to be computed based upon factors listed in this section. These factors are the following:

1. **The number of eligible customers** that could be provided cost-effective usage reduction services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, usage reduction services.

2. **Expected customer participation rates** for eligible customers. Expected participation rates shall be based on historical participation rates when customers have been solicited through approved personal contact methods.

3. **The total expense of providing usage reduction services,** including costs of program measures, conservation education expenses and prorated expenses for program administration.

4. A plan for providing program services within a reasonable period of time, with consideration given to the contractor capacity necessary for provision of services and the impact on utility rates.”

**Recommendations of the ReEnergize Pittsburgh Coalition**

In our comments we will elaborate on the substantially low numbers of customers served within LIURP and low funding levels for LIURP, and address items 1-3 of Chapter 58 PA code quoted above. We will also urge the Commission to fully utilize its authority, established in this law, to determine higher need level, improve

\(^2\) [https://www.pacode.com/secure/data/052/chapter58/s58.4.html](https://www.pacode.com/secure/data/052/chapter58/s58.4.html)
structure and change the size of LIURP program in response to finding high energy burden among low-income customers.

1. The ReEnergize Pittsburgh Coalition fully supports increasing the level of benefits to be made available for low-income customers. In general, the households participating in universal service programs average three persons, with at least one member under 18 years old. Approximately one in three of these households have a member over the age of 62. Their average annual household income hovers around $15,000-$17,000. Clearly, the difficulty of navigating life when supporting families of 3 on such low incomes speaks volumes to all of us.

2. We most strongly urge the Commission to increase funding for improvements in home performance and the reduction in energy use. The resulting long-term reduction of costs carried by those most vulnerable is vital. A simple revision of guidance regarding maximum energy burden is inadequate for these households. A high energy burden for the low-income population is unacceptable. It traps people in a cycle of poverty and unhealthy home environments.

Programs like LIURP, which improve the homes and result in lower energy bills, should be fully integrated and coordinated with programs that address bill affordability through discounts, credits, and grant assistance. LIURP program measures are installed on a simple payback period of seven or twelve years, depending on the measure installed. A payback period is the time it takes to recover the cost of the installed program measure through projected energy savings. This kind of approach returns money back to ratepayers, year after year, if participation in LIURP reduces CAP assistance. (Universal Programs funds are included in utility rates as part of the distribution cost and passed on to all residential customers.)

The improvements in homes include sidewall and attic insulation, furnace replacement, water heater or refrigerator replacement, air infiltration measures using the blower door air sealing techniques, and smaller measures like water heating tank and pipe wraps, faucet aerators, light-emitting diode (LED) lighting, incidental repairs, smoke and carbon monoxide detectors, and energy conservation education. Improving homes has positive health and safety outcomes and increases comfort of the residents and their psychological well-being. Reduction of energy expenditures can, on average, be counted on for how long the measures last, and for some measures it is in excess of 15 years. Depending on measures installed, “baseload measures”, hot water heating measures, or heating measures, LIURP effectiveness in achieving energy reduction varies from 9.4% for baseload measures to 15.1% reductions for heating measures.
Per Universal Services Report\(^3\) LIURP benefits include: bill reduction, improved health, safety and comfort levels, LIHEAP leveraging (Pennsylvania receives additional funds due to the LIURP resources that supplement LIHEAP funds), arrearage reduction, reduced collection activity, improved bill payment behavior, reduced use of supplemental fuels and secondary heating devices, more affordable low-income housing, reduction in homelessness, and less housing abandonment.

3. The Commission should establish the parameters for the program need. The current approach under-serves the number of households eligible who would benefit from this program.

Currently, LIURP serves only a small portion of the potentially eligible population. Only 9,231 homes in PA received heating-related weatherization assistance, 3,618 households received water heating weatherization assistance, and 11,387 received baseload conservation measures in 2017.\(^4\) In comparison, 429,486 households were enrolled in CAP in 2017 and there were over 1.9 million estimated low income customers and over 1 million confirmed low income customers.\(^5\)

**The number of eligible customers**

The number of eligible customers who could be provided a cost-effective usage reduction service is very large compared to households which did receive such services. The calculation needs to take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, usage reduction services.

Assuming 10,000 LIURP heating services each year over 15-year period\(^6\) would yield only 150,000 households who received such services. In comparison, there are 632,247 (428,028) confirmed low income households at or below 150% of FPIG among electric (gas) customers, and over 1 million estimated low income households, who would be eligible.\(^7\) We urge the Commission to expand LIURP eligibility also to households which do not currently qualify because they are not deemed high energy users. Smaller

\(^3\) [http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2017.pdf](http://www.puc.state.pa.us/General/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2017.pdf)


\(^6\) In 2017, there were 4751 electric heating jobs, costing about $3,000 each, and 4,480 gas heating jobs, costing about $4,500. Duration of such improvement is taken as 15 years. “Baseload” jobs implement smaller measures that cost about $1,300, and while still important, have a more limited impact.

\(^7\) Act 129 and WAP services are not accounted here, however, LIURP funding threshold is 200% FPIG in most territories – higher than 150% on which the estimated low income households are accounted for by utilities in their Universal Services reports.
households, where per-square-foot usage might be still high, should be covered. We have highlighted above how many benefits home improvements have for the residents, including financial stabilization, health, safety and well-being. Moreover, currently CAP-households are prioritized over non-CAP customers leaving out a vulnerable population who still struggle.

From home performance perspective, every home built before 1970 is under-insulated and would have outdated mechanical equipment, unless already improved. Even homes built to 2009 code could be made more efficient in cost effective ways. For example, 85% did not meet air leakage code requirements for HVAC ducts, per US DOE study⁸, and that negatively impacts the efficiency. From the home performance perspective, many LIURP households could gain further improvement if additional funds were allocated and if simple payback limits were extended beyond 7 or 12 years. Current energy savings in the program range from 9 to 15%, which by itself indicates that further cost-effective energy reductions are feasible. Savings numbers have been declining in recent years, as the incandescent light bulbs are less prevalent. Also, homes that have been served would benefit from further conservation measures that are not typically used today. For example, older houses in low-income communities have single-pane windows without storms but adding storm windows is never included in the measures.

**Expected customer participation rates**

In the current implementation of LIURP, utility companies defer homes (do not proceed with the weatherization) when they encounter mold, a leaky roof, or another obstacle to improving home performance, even for the highest energy users. Large fraction of homes are deferred and no meaningful weatherization or efficiency upgrade services are provided, even though residents qualify for and are interested in such free services. Additionally, there is no standard and transparent reporting on these deferred homes across State and utility-funded programs. Finding solutions to deferred homes would largely expand customer participation, help remove unhealthy conditions, improve the properties and reduce energy use as well.

Moreover, a more comprehensive outreach to confirmed low income customers as well as to communities with high percentage of estimated low income customers is needed to enlarge the known pool of customers eligible for energy use reduction program. The comparison of number of customers served in CAP program (446,228 in 2015) to those served in LIURP program (19,958 in 2015) indicates that there are opportunities for expansion of LIURP reach.

**The total expense of providing usage reduction services**

⁸ [https://www.energycodes.gov/pennsylvania-residential-energy-code-field-study-baseline-report](https://www.energycodes.gov/pennsylvania-residential-energy-code-field-study-baseline-report)
Total expense of providing usage reduction services, including both the costs of program measures, conservation education expenses and prorated expenses for program administration needs – as well as the savings gained through long-term reduction in other universal service expenditures – must to be taken into account when assessing an appropriate level of LIURP investment.

- The CAP program, which does not result in the reduction of energy usage cost $239,986,252 in 2017 for electric utilities and $90,938,676 for gas utilities, or $330,924,928 in total.
- In comparison, the cost of LIURP program is reported to be $51,238,187 in 2017, or only 15.5% of money spent on CAP.

As we elaborated above, it makes good financial sense from the standpoint of both ratepayers and customers to invest more in energy reduction, which can reduce future CAP costs over the long term.

In Summary, the ReEnergize Pittsburgh Coalition proposes these actions for the Commission’s consideration:

1) Prioritize energy use reduction and achieve long-term solutions to excessive energy burden for low-income residents of Pennsylvania by improving energy efficiency, performance, and health-levels in their homes.
2) Restructure current guidelines for LIURP program to allow for implementation of deeper energy saving measures than currently allowed (expand simple-payback limits) and repeated access to LIURP service over time, to drive the total costs of utility bills for low-income residents further down. (There is a limit of what the low-cost measures, like LED lighting, etc., can achieve, and many households already have these “lower-hanging fruit” measures implemented.)
3) Address deferred homes – large percentage of homes where no meaningful weatherization or efficiency upgrade services are made, even though residents qualify for and are interested in such free services. Additionally, as a first step, make the reporting on these deferred homes more transparent and standardized across Pennsylvania, which would be a significant improvement from today’s disparate and incomplete approaches to tracking deferrals in all utility and weatherization programs.
4) Expand the reach of energy use reduction programs to a much larger base of low-income customers, including potentially all CAP participants, for whose dwelling this program could achieve further reductions. Target all high energy users, whether on CAP or not (only 21% of eligible households are on CAP in PA) with
aggressive efforts to reduce their energy use, and structure the programs in such a way that “no one is left behind.”

5) Motivate homeowners to participate in energy use reduction by improving educational outreach and providing some financial stake, either by offering homeowner financial benefit when their energy use drops below the cap value, or some tiered approach in giving homeowners stake in reduction goals, while never threatening to remove them from program participation all together.

6) Measure effectiveness of educational efforts and/or incentives focused on behavioral changes for customers, as these can also lead to lower bills and lesser energy use, and mandate those who implement these educational programs to produce measurable results.

7) Allow flexibility of solutions and proper accounting of energy burden for homes with propane or oil heating, which is currently not covered. If the cost of all sources of household energy are counted – not just natural gas and electric – Pennsylvania households with incomes at or below 150% of the Federal Poverty Income Guidelines experience some of the highest energy burdens in the country.

8) Consider standardizing CAP (and LIURP) program across the state, as the variability of requirements and program offerings adds to confusion and difficulty for customers to take advantage of them.

9) Seek much more aggressive energy use reduction goals than those historically achieved within Universal Services sector to make a meaningful reduction in carbon dioxide emissions and combat the accelerating climate change.

Member groups of ReEnergize Pittsburgh Coalition cosigning these comments:

- ACTION Housing
- Bloomfield Development Corp.
- Blue Green Alliance
- CCI
- City of Pittsburgh
- DEAWP
- Green Homes Pgh
- GASP
- Grounded
- Habitat for Humanity
- Home Performance Coalition
- KEEA
Kingsley Association
Lawrenceville United
Mount Washington CDC
New Hope Church
Oakland Planning and Development
Operation Better Block
Penn State Center
Penn Future
Pittsburgh Community Service Inc.
Q-DOT
Rebuilding Together Pittsburgh
Sierra Club
Squirrel Hill Urban Coalition
Steel Valley COG
Sustainable Pittsburgh
Pittsburgh Community
Redevelopment Group