

**CHAPTER 58. RESIDENTIAL LOW INCOME USAGE  
REDUCTION PROGRAMS**

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**Authority**

The provisions of this Chapter 58 issued under the Public Utility Code, 66 Pa.C.S. §§ 501, 1501 and 1505(b), unless otherwise noted.

**Source**

The provisions of this Chapter 58 adopted January 15, 1993, effective January 16, 1993, 23 Pa.B. 265, unless otherwise noted.

**§ 58.1. Purpose.**

This chapter requires covered utilities to establish fair, effective and efficient energy usage reduction programs for their low income customers. The programs are intended to assist low income customers conserve energy and reduce residential energy bills. The reduction in energy bills 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. The programs are also intended to reduce the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity. The programs should also result in improved health, safety and comfort levels for program recipients.

**Notes of Decisions***Service*

For a discussion of guidelines for universal service and energy conservation programs, *Re Guidelines for Universal Service and Energy Conservation Programs*, 178 P.U.R. 4th 508 (July 11, 1997).

**§ 58.2. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*Administrative costs*—Expenses not directly related to the provision of program services. The term may include salaries, fringe benefits and related personnel costs for administration, secretarial and clerical support involved in fiscal activities, planning, personnel administration, and the like; office expenses, such as rents, postage, copying and equipment; and other expenses, such as audit and evaluation expenses, advertising and insurance.

*Covered utility*—A jurisdictional electric or gas local distribution utility having sales of natural gas for purposes other than resale exceeding 10 billion cubic feet or sales of electric energy for purposes other than resale exceeding 750 million kilowatt-hours during the preceding calendar year or both.

*Eligible customer*—A low income or special needs customer who is a residential space heating customer, or a residential water heating customer, or a residential high use electric baseload customer of a covered utility.

*Energy survey*—An onsite inspection of a residential building for the purpose of determining the most appropriate usage reduction measures.

*Low income customer*—A residential utility customer with household income at or below 150% of the Federal poverty guidelines.

*Pilot program*—A program by a covered utility to develop, implement and evaluate new or innovative methods for achieving usage reduction.

*Program measures*—Installations which are designed to reduce energy consumption.

*Program services*—Services offered or performed by a covered utility or its agent under this chapter.

*Residential high use electric baseload customer*—A residential customer of a covered utility utilizing the electric service provided by the covered utility for nonspace heating or nonwater heating end uses such as lighting and major and minor appliance usage and utilizing greater than 125% of the usage of the covered utility's average residential baseload customer.

*Residential space heating customer*—A residential customer of the covered utility utilizing the electric or gas service provided by the covered utility as the primary heating source for the customer's residence. The term includes customers with gas furnaces that have historically been used for heating but may not currently be operable.

*Residential water heating customer*—A residential customer of the covered utility utilizing the electric or gas service provided by the covered utility as the primary water heating source for the customer's residence.

*Special needs customer*—A customer having an arrearage with the covered utility and whose household income is at or below 200% of the Federal poverty guidelines.

*Usage reduction education*—A group or individual presentation or workshop in which usage reduction objectives and techniques are explained.



**Source**

The provisions of this § 58.2 amended January 2, 1998, effective January 3, 1998, 28 Pa.B. 25. Immediately preceding text appears at serial pages (178488) to (178489).

**Cross References**

This section cited in 52 Pa. Code § 58.5 (relating to administrative costs); and 52 Pa. Code § 58.10 (relating to priority of program services).

**§ 58.3. Establishment of residential low income usage reduction program.**

A covered utility shall establish a usage reduction program for its low income customers.

**Source**

The provisions of this § 58.3 amended January 2, 1998, effective January 3, 1998, 28 Pa.B. 25. Immediately preceding text appears at serial page (178489).

**§ 58.4. Program funding.**

(a) *General guidelines for gas utilities.* Annual funding for a covered natural gas utility's usage reduction program shall be at least .2% of a covered utility's jurisdictional revenues. Covered gas utilities shall submit annual program budgets to the Commission. A covered gas utility will continue to fund its usage reduction program at this level until the Commission acts upon a petition from the utility for a different 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. Proposed funding revisions that would involve a reduction in program funding shall include public notice found acceptable by the Commission's Bureau of Consumer Services, and the opportunity for public input from affected persons or entities.

(b) *General guidelines for electric utilities.* 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. Proposed funding revisions that would involve a reduction in program funding shall include public notice found acceptable by the Commission's Bureau of Consumer Services, and the opportunity for public input from affected persons or entities.

(c) *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 num-

ber 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.

(d) *Pilot programs.* Covered utilities are encouraged to propose pilot programs for the development and evaluation of conservation education and other innovative technologies for achieving the purposes of residential low income usage reduction.

(e) *Recovery of costs.*

(1) Program expenses shall be allotted among ratepayers. The precise method of allocation between capital and expense accounts shall be determined in future rate proceedings.

(2) Recovery of program expenses shall be subject to Commission review of the prudence and effectiveness of a utility's administration of its low income residential usage reduction program.

#### Cross References

This section cited in 52 Pa. Code § 58.5 (relating to administrative costs).

#### § 58.5. Administrative costs.

For programs covered by § 58.4 (relating to program funding), not more than 15% of a covered utility's annual budget for its usage reduction program may be spent on administrative costs, as defined in § 58.2 (relating to definitions). The costs associated with approved pilot programs are exempt from the 15% cap.

#### § 58.6. Consultation.

A covered utility, when making major modifications in its program design or developing a pilot program, shall consult with persons and entities with experience in the design or administration of usage reduction programs. Consultations may typically be with past recipients of weatherization services, social service agencies, community groups, other utilities with usage reduction programs, and conservation and energy service contractors.

#### § 58.7. Integration.

(a) A covered utility shall coordinate program service with existing resources in the community.

(b) Mandatory usage reduction programs shall be designed to operate in conjunction with the covered utility's consumer services and collection programs and relevant public or private programs so that customers experiencing ability-to-pay problems are made aware of the covered utility's usage reduction program and hardship funds. The covered utility shall provide direct assistance to low income usage reduction program participants in making application to the Low Income Home Energy Assistance Program.

(c) Mandatory usage reduction programs shall be designed, whenever possible, to provide program services through independent agencies which have demonstrated experience and effectiveness in the administration and provision of program services. In the absence of qualified independent agencies, a covered utility electing not to provide program services directly shall solicit competitive bids for the provision of services by providers of related services, such as construction, architectural or engineering services.

#### **§ 58.8. Tenant eligibility.**

(a) *Program measures.* An eligible customer who is a tenant shall have an equal opportunity to secure program services if the landlord has granted written permission to the tenant for the installation of program measures, and 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.

(b) *Landlord contributions.* A covered utility may seek landlord contributions as long as the contributions do not prevent an eligible customer from receiving program services. Contributions from landlords shall be used by the utility as supplemental to its approved Residential Low Income Usage Program budget.

#### **Source**

The provisions of this § 58.8 amended January 2, 1998, effective January 3, 1998, 28 Pa.B. 25. Immediately preceding text appears at serial page (178491).

#### **§ 58.9. Program announcement.**

- (a) A covered utility shall provide notice of program activities as follows:
- (1) The utility shall, at least annually, review its customer records to identify customers who appear to be eligible for low income usage reduction service. The utility shall then provide a targeted mass mailing to each customer identified through this procedure so as to solicit applications for consideration of program services. A copy of this notice shall also be sent to publicly and privately funded agencies which assist low income customers within the covered utility's service territory. A covered utility shall also consider providing

public service announcements regarding its low income usage reduction program in local newspapers and on local radio and television.

(2) If available program resources exceed initial customer response, the targeted mass mailing shall be followed by a personalized letter to customers who did not respond to the mass mailing.

(3) If available program resources still exceed customer response, personal contact should be made with customers who have not responded to earlier program announcements.

(b) If, after implementing notice requirements of subsection (a), additional funding resources remain, a covered utility shall send each of its residential customers notice of its usage reduction program along with a description of program services, eligibility rules and how customers may be considered for program services.

#### **§ 58.10. Program announcement.**

(a) Priority for receipt of program services shall be determined as follows:

(1) Among eligible customers, those with the largest usage and greatest opportunities for bill reductions relative to the cost of providing program services shall receive services first. When prioritizing eligible customers by usage level, several factors shall be considered when feasible. These factors include: the size of the dwelling, the number of occupants and the end uses of the utility service. When prioritizing eligible customers by opportunities for bill reductions, utility rate factors which may tend to limit (for example, declining block rates) or facilitate, for example, time-of-day rates or heating rates, bill reductions somewhat independently of absolute usage levels should be considered.

(2) Among customers with the same standing with respect to paragraph (1), those with the greatest arrearages shall receive services first. When feasible, priority should be given to customers with the largest arrearage relative to their income; for example, arrearage as a percentage of income.

(3) Among the customers with the same standing with respect to paragraph (2), those with incomes which place them farthest below the maximum eligibility level shall receive services first.

(b) Covered electric utilities shall use the guidelines outlined in this section to determine the amount of annual program funding to be budgeted for usage reduction services available to residential space heating customers, residential water heating customers and residential high-use electric baseload customers.

(c) A covered utility may spend up to 20% of its annual program budget on eligible special needs customers as defined in § 58.2 (relating to definitions).

#### **Source**

The provisions of this § 58.10 amended January 2, 1998, effective January 3, 1998, 28 Pa.B. 25. Immediately preceding text appears at serial pages (178492) to (178493).

**§ 58.11. Energy survey.**

(a) If an applicant is eligible to receive program services, an onsite energy survey shall be performed to determine if the installation of program measures would be appropriate. The installation of a program measure is considered appropriate if it is not already present and performing effectively and when the energy savings derived from the installation will result in a simple payback of 7 years or less. A 12-year simple payback criterion shall be utilized for the installation of side wall insulation, attic insulation, space heating system replacement, water heater replacements and refrigerator replacement when the expected lifetime of the measure exceeds the payback period.

(b) Program funds may not be used for measures that involve fuel switching between Commission regulated utilities. This stipulation does not apply to fuel switching within a dual-fuel utility.

**Source**

The provisions of this § 58.11 amended January 2, 1998, effective January 3, 1998, 28 Pa.B. 25. Immediately preceding text appears at serial page (178493).

**Cross References**

This section cited in 52 Pa. Code § 58.14 (relating to program measure installation).

**§ 58.12. Incidental repairs.**

Expenditures on program measures may include incidental repairs to the dwelling necessary to permit proper installation of the program measures or repairs to existing weatherization measures which are needed to make those measures operate effectively.

**§ 58.13. Usage reduction education.**

(a) *Applicability.* A covered utility shall provide usage reduction education services to program recipients so that maximum energy savings can be derived from the installation of program measures and through the modification of energy-related behavior including water consumption. Usage reduction education should also address regular utility bill payment behavior and the covered utility shall provide direct assistance to low income usage reduction program recipients in making application to secure available energy assistance funds.

(b) *Funding level.* Expenditures for usage reduction education services shall be sufficient to provide these services to each customer who receives other program services. Usage reduction education programs that have average costs which exceed \$150 per program recipient household are to be pilot tested for 1 year during which the program will be measured for the incremental contribution to energy savings that the usage reduction education produces and the cost-effectiveness of that contribution.

(c) *Pilot programs.* The Commission encourages covered utilities to pilot test and evaluate innovative usage reduction education approaches. Pilot programs are also encouraged that evaluate the incremental energy savings of usage reduction programs that incorporate an education component as compared to programs that do not incorporate an education component.

(d) *Program services.* The usage reduction education services described in this chapter include activities designed to produce voluntary conservation of energy on the part of eligible customers. The activities shall include, but need not be restricted to, the following:

(1) *Group presentations.* Meetings involving recipients of program measures and other customers at which conservation objectives are explained and possible conservation measures are described and, when appropriate, demonstrated.

(2) *Workshops.* Group presentations at which, in addition to receiving explanations of conservation objectives, recipients of program measures and other customers are taught to install selected program measures.

(3) *In-home presentations.* Consultations held in the dwelling between a person supplying conservation education services and the occupant or owner of the dwelling. The presentations may include the explanation of conservation objectives, the participation of the owner or occupant in the installation of selected program measures or other activities designed to produce voluntary reductions in energy use by the owner or occupant.

#### **§ 58.14. Program measure installation.**

(a) *Installation.* Based on the results of the energy survey conducted under § 58.11 (relating to energy survey), a covered utility shall install or arrange for the installation of the following applicable program measures designed to reduce energy bills, usage or demand for space heating, water heating and baseload end uses:

(1) For residential space heating customers, applicable program measures may include the installation of insulation, furnace replacement or furnace efficiency modifications, clock thermostats, infiltration measures designed to reduce the flow of air through the building envelope or the repair or replacement of chimneys and service lines.

(2) For residential water heating customers, program measures may include the installation of control devices on water heaters or other major appliances, rewiring to permit billing on a time of day or other off-peak rate schedule, the installation of water heater and pipe insulation and devices reducing the flow of hot water in showers, faucets or other equipment.

(3) For residential baseload customers, applicable program measures may include lighting efficiency modifications, refrigeration replacements or efficiency improvements, air conditioner replacements or efficiency improvements and other major appliance replacements, retrofits or efficiency improvements.

(b) *Quality control.* A covered utility shall establish effective quality control guidelines and procedures for the installation of program measures. When a contractor is utilized, the covered utility shall schedule post-installation inspections and require a warranty covering workmanship.

(c) *Inter-utility coordination.* Customers of covered gas utilities and covered electric utilities shall have coordinated provision of comprehensive program services.

(1) When providing program services a covered gas utility shall address usage of electricity provided by a covered utility through the provision of electric usage reduction education, the installation of efficient lightbulbs, where appropriate, the installation of electric water heater and hot water pipe insulation where the equipment is in unheated areas and the installation of devices to reduce the flow of hot water in showers and faucets.

(2) When providing program services, a covered electric utility shall address usage of gas provided by a covered utility through the provision of gas usage reduction education, the installation of gas water heater and hot water pipe insulation where the equipment is in unheated areas and the installation of devices to reduce the flow of hot water in showers and faucets.

(3) Covered electric utilities should arrange for the bulk purchase of efficient lightbulbs at their own expense and the distribution of the lightbulbs to covered gas utilities or the gas utilities' program contractors that are providing program services in the electric utility service territory.

(4) A covered utility may choose to absorb in its program budget the labor and materials cost for the water heating treatments they provide under this section. An electric utility choosing not to absorb the costs may choose to bill the covered gas utility for the electric utility's cost of providing gas water heating treatments. Similarly, a gas utility choosing not to absorb the costs may choose to bill the covered electric utility for the gas utility's cost of providing electric water heater treatments. Inter-utility billing arrangements shall be stated in a contract between the two utilities which specifies costs to be covered and measures to be installed.

(5) Conservation education costs incurred as a result of this section are not to be included in inter-utility billing arrangements.

(6) Covered electric utilities shall provide training at their own expense to covered gas utility contractors and inspectors regarding the installation of electric hot water measures and the determination of appropriate installations for efficient lightbulbs. Covered gas utilities shall provide training at their own expense to covered electric utility contractors and inspectors regarding the installation of gas hot water measures.

(7) Covered utilities are not required to track or report energy usage data associated with conservation education provided or measures installed under this section.

**§ 58.15. Program evaluation.**

A covered utility shall be responsible for the ongoing evaluation of its program. Evaluation shall include establishing procedures for monitoring program results and evaluating program effectiveness. Procedures shall include the following:

- (1) Compiling statistical data concerning:
  - (i) The number of homes weatherized.
  - (ii) The itemized cost of conservation measures installed.
  - (iii) The total cost per home in terms of materials and labor.
  - (iv) The types of housing structures weatherized.
  - (v) Energy consumption.
  - (vi) Program recipient demographics.
  - (vii) Program recipient utility bills and account balances.
  - (viii) Program recipient utility payments.
- (2) Evaluating the energy savings and load management impacts of program services; changes in customer bills, payment behavior and account balances; and the overall quality of program services and steps being taken to improve program performance. Utilities should at least annually assess the cost-effectiveness of weatherization contractors utilized in providing program services and incorporate this information into program management decisions.
- (3) Reporting annually to the Commission regarding the findings of this evaluation.

**Cross References**

This section cited in 52 Pa. Code § 54.75 (relating to annual residential collection and universal service and energy conservation program reporting requirements); and 52 Pa. Code § 62.5 (relating to annual residential collection and universal service and energy conservation program reporting requirements).

**§ 58.16. Advisory panels.**

(a) *Creation.* A covered utility shall create and maintain a Usage Reduction Program Advisory Panel to provide consultation and advice to the company regarding usage reduction services.

(b) *Membership.* No more than one representative from an organization or group may serve on a company's advisory panel. Membership of a utility's consumer advisory panel may include:

(1) Recipients of program measures and representatives from social service agencies, from community groups and from agencies or companies which administer or install program measures.

(2) Representatives from other groups or agencies which may be able to offer reasonable advice regarding usage reduction programs and services.

(c) *Review.* The advisory panel shall be provided with usage reduction program plans and proposed changes at least 15 days prior to the submission of plans for approval by the Commission. The panel shall report comments and exceptions to plans to the covered utility which shall provide the reports to the Commission in conjunction with the submission of the proposed plan.

(d) *Creation of additional advisory panels.* A covered utility may create more than one advisory panel when the size of the service territory or other considerations warrant.

(e) *Existing advisory panels.* A covered utility may use an existing customer advisory panel to satisfy this section when the membership of the panel can reasonably be expected to provide effective consultation and advice regarding usage reduction programs.

**§ 58.17. Regulatory review.**

A covered utility may not implement a required usage reduction program, nor subsequently significantly modify a program approved under this chapter until the utility has received Commission approval for the proposal.

**§ 58.18. Exemptions.**

A covered utility alleging special circumstances may petition the Commission to exempt its required usage reduction program from this chapter.

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