

## **House Health Committee**

### **Public Hearing Regarding House Bill 1991**

**March 15, 2012**

#### **Testimony of Harry S. Geller** **Executive Director, Pennsylvania Utility Law Project**

Good Morning Chairmen Baker, Myers and members of the Committee. My name is Harry Geller, and I am the Executive Director of the Pennsylvania Utility Law Project (“PULP”). PULP is a specialized statewide project of the Pennsylvania Legal Aid Network. For over 30 years PULP has represented the interests of low income Pennsylvanians in energy and utility matters through direct representation, statewide advocacy, and support and assistance to the staff and clients of local legal aid programs, non-profit and community based agencies. As part of my responsibilities, I am pleased to serve as Chairman of the Pennsylvania Department of Public Welfare (“DPW” or “Department”) LIHEAP Advisory Committee, as a member of the Department of Community and Economic Development (“DCED”) Weatherization Advisory Council, the Pennsylvania Public Utility Commission (“PUC”) Consumer Advisory Council, and the PECO Energy Company Universal Service Advisory Committee. Thank you for inviting me to present testimony today on behalf of the low income consumers PULP represents.

As requested, I will be discussing HB 1991 and the issues it presents regarding coordination of LIHEAP and Weatherization. My comments will focus on Section 5.1(c) which proposes a reduction of an individual’s LIHEAP grant subsequent to the receipt of weatherization services. My testimony is based upon my familiarity with LIHEAP and the Weatherization program as well as my more than four decades of experience representing and

assisting low-income individuals in their struggle to meet household expenses. I conclude that the offset recommended in section 5.1 (c) is not practical and would cause hardship for economically challenged low income households who will continue to require the full level of available LIHEAP benefits after weatherization.

Certainly, the goal to provide greater coordination, integration and efficiencies in the delivery of Weatherization and LIHEAP is commendable. PULP has consistently fostered and promoted this concept whenever possible. I have actively participated in the universal service coordination workgroup of the PUC, presently serve as Chairperson of the Weatherization Advisory Policy Council Subcommittee on Coordination of Services and have actively promoted and testified on the need to develop a more fully integrated delivery system of services to low-income energy and utility consumers.

As you are aware, the two federally funded programs of LIHEAP and Weatherization are cornerstone programs intended to assist our most economically vulnerable residents to be able to maintain the basic human necessity of affordable utility and energy services. However, on the federal level, LIHEAP and Weatherization are funded separately, subject to different federal administrative agency oversight and obligated to follow different regulatory requirements. Within Pennsylvania, coordination is further complicated by the fact that these programs are administered by different state agencies and subject to different regulations and separate annual state plans. Providing yet another level of complexity is the fact that public utility universal service programs, such as CAP, LIURP, and Hardship Funds, are subject to the oversight of yet another agency, the PUC, but are funded and administered separately within each distribution company service territory. Each of these programs are intended to achieve the same general purpose i.e. assisting economically vulnerable Commonwealth residents obtain and maintain

affordable energy services within comfortable and safe dwellings. However, the resulting labyrinth created by disparate administrative agencies and their separate procedures and regulations is quite difficult for a consumer to navigate. To their credit the PUC, DCED and DPW have made significant attempts to coordinate the delivery of services when they are able. For example, DCED and DPW have pioneered the development of the Crisis Interface program whereby a LIHEAP eligible individual experiencing a crisis in the cold weather heating season due to a heating system malfunction is referred by DPW to the DCED weatherization program for assistance by a weatherization agency to repair the heating system. Successful coordination is achieved through the efficiency of the eligibility determination, the referral mechanism and the delivery of services. The success of these two separate agencies to meet what had been an unmet critical need is admirable. On a similar note, DCED and the PUC have coordinated and developed a model protocol for the delivery of energy efficiency services through the LIURP, Weatherization and Act 129 energy efficiency and conservation programs. This model has been beneficial in enabling providers of weatherization and efficiency services to effectively leverage the various programs provided by each agency.

However section 5.1 (c) of HB 1991 will not result in an actual integration of services; nor in economic or administrative efficiencies. It would be impractical, if not impossible to implement and, if enacted, would result in significant administrative burden to the agencies tasked to implement this legislation ; as well as hardship to innocent, economically struggling consumers. The result would not be a structure which advances the efficient use of resources to the benefit of low-income households or to other Commonwealth residents, but rather, in contradiction to the intent of LIHEAP and Weatherization, would act to diminish the effect of these essential programs.

HB 1991 Section 5.1 (c) Offset. states:

The Department of Community and Economic Development shall determine the increased efficiency gained from weatherization services provided to an individual eligible for energy assistance who has previously received weatherization services. The Department of Public Welfare shall reduce the individual's energy assistance amount accordingly.

Although we could, through a properly designed evaluation, determine the 'average' savings resulting from an 'average' suite of weatherization measures to an 'average' household (assuming that such a household exists), the underlying assumption that DCED would be able to effectively and efficiently determine the specific energy savings provided by weatherization services to a specific household during a specific LIHEAP year is flawed. To achieve what section 5.1 (c) asks of DCED- to determine the increase in energy efficiency gained by weatherization and then reduce the energy assistance amount accordingly, is simply not practical and may not be functionally possible. The difficulty lies in the significant challenge of calculating the impact of weatherization on a specific house for a specific time period and then applying the result to a specific household. This is essentially what the proposed section would require for each year that the applicant requested LIHEAP. The number of occupants, variations in the weather, and changes that occur to the heating system and to the structure (which tends to be older, in poorer condition and subject to lower levels of maintenance in dwellings of the low-income) make the prediction of actual energy reduction impact in any given year for any given household difficult and impractical. This would be an expensive and administratively impractical undertaking. There would be no net economic or administrative efficiency resulting from an effort to analyze the economic impact upon a particular household in any particular LIHEAP year as a result of prior

weatherization treatment to an individual housing unit. Analyzing one year of pre-weatherization data compared to a post-year, with adjustments for weather, etc., is an expensive but possible undertaking. Attempting to determine the continuing effect upon an individual household, subject to change from one LIHEAP year to the next is hard to conceive. No other legislature, to my knowledge, has ever enacted anything equivalent to section 5.1 (c).

The underlying assumption that an individual who receives weatherization services has a static or constant level of energy reduction as a result of receipt of those services is flawed. As mentioned, there are constant changes which affect the level of energy reduction. These may be structural, as a result of harsh weather conditions or simply changes in the composition of a household. Low income households are extremely mobile; more so than the general population. In addition, we have noted a significant trend in the number of low income intergenerational households who have begun to live together in an attempt to make financial ends meet. An elderly parent with additional medical needs and therefore a greater dependency on maintaining a higher household temperature in winter or requiring a greater level of air cooling in the summer will increase the energy needs of that household. A young couple moving in with their in-laws will increase the energy needs of the household as will the birth of a new child or the onslaught of a particularly harsh winter. These changes in the energy needs of a household cannot be projected at the time weatherization is provided. Furthermore, reducing the LIHEAP grant to these households, who are now in greater need of that grant makes no sense and would result in significant hardship. It would be counter to the federal mandate to provide the greatest level of benefits to those in greatest need.

The underlying assumption that a LIHEAP eligible household would not continue to be

in need of full LIHEAP grant levels after receipt of weatherization is flawed. Although the assumption that weatherization measures, correctly installed pursuant to an appropriate audit procedure, generally decrease a household's energy usage is sound; the conclusion that the resulting reduction of energy usage reduces a LIHEAP eligible household's critical need for the full level of LIHEAP benefits to which that household is entitled, is not. This concept is not one which can be implemented in a conceptual vacuum. Weatherization could only reduce a household's need for help from LIHEAP if that household's LIHEAP benefit is set sufficiently high so that the full benefit to assist them in meeting their energy costs is no longer required as a result of receipt of weatherization. This is not the case. In Pennsylvania, heating oil costs are averaging over \$3.50 per gallon this winter. I recently filled my home oil tank at a cost of \$3.74 per gallon. A household that has not been weatherized could be using 1,000 gallons (or more). That means the annual cost to that household to heat by oil this year is in the range of \$3,500. Even in the most optimally imaginable situation- the household is weatherized and the oil bill goes down 25% -- the annual bill would still be \$2,650. An amount vastly higher than the average \$228 average Cash grant benefits LIHEAP now provides. Clearly, that house still has a significant energy burden and desperately needs the full LIHEAP grant, even if the house has been previously weatherized. Weatherization would have performed its intended function- assisting in the reduction of energy usage and therefore energy bills. It would have assisted that household. But it would not have alleviated that household's continuing need for LIHEAP assistance at current grant levels. Furthermore, the political reality is that Federal LIHEAP funding has significantly declined while energy costs have not. It is not anticipated that LIHEAP grant levels will increase in the foreseeable future nor that the energy burden borne by low-income households, even subsequent to

receipt of weatherization will be low enough to justify a reduction in LIHEAP benefit levels.

Section 5.1 (c) creates practical impediments to implementation because it mixes apples and oranges. It is physical structures which are weatherized, but it is a low-income household, made up of individuals, which receives the energy assistance benefit. If a dwelling unit at 142 Main Street is weatherized in September 2012, but the family is required to move across town to care for an elderly parent in that parent's non-weatherized home, does that family receive reduced LIHEAP benefits to heat their current non-weatherized structure? If a couple divorces following weatherization of their unit, and each moves to a separate household, does the fact that they have each "previously received weatherization services" mean that each of their households currently living in a non-weatherized building receive reduced LIHEAP? I would hope that this is not the intent, but may nevertheless be a significant negative consequence of this statutory section.

In conclusion, I thank the Committee for the invitation to provide these Comments, respectfully request that HB 1991 not be enacted and remain available to answer any questions which you may have.

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