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February 29, 2024

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Philadelphia Gas Works for Approval of Demand Side Management Plan for FY 2024-2026 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code § 62.4 – Request for Waivers – Docket No. P-2014-2459362

Dear Secretary Chiavetta:

Enclosed for electronic filing please find the Joint Petition for Settlement with regard to the above-referenced matter.

Please note, as further discussed in the Joint Petition, that the Joint Petitioners respectfully request that the Commission issue a final order on or before June 13, 2024, to permit Philadelphia Gas Works sufficient time to put all approved plan modifications into effect on September 1, 2024 per the Settlement.

Copies to be served in accordance with the attached Certificate of Service.

Sincerely,

/s/ Lauren M. Burge

Lauren M. Burge

Enclosure

cc: Hon. F. Joseph Brady w/enc.
Cert. of Service w/enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the Joint Petition for Settlement upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email

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Dated: February 29, 2024

/s/ Lauren M. Burge
Lauren M. Burge, Esq.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2024-2026	:	
	:	Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service	:	
and Energy Conservation Plan for 2014-	:	
2016 52 Pa Code § 62.4 – Request for	:	
Waivers	:	

JOINT PETITION FOR SETTLEMENT

Dated: February 29, 2024

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 Efficiency in Pennsylvania

 Statement E – Statement in Support of Joint Petition for Settlement of
 Tenant Union Representative Network

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

Philadelphia Gas Works (“PGW” or the “Company”), the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and Tenant Union Representative Network (“TURN”) (collectively, the “Joint Petitioners”), with the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) not opposing the Settlement, by their respective counsel, submit this Joint Petition for Settlement (“Settlement” or “Joint Petition”), between and among all of the active parties in the above-captioned proceeding. The Joint Petitioners respectfully request that Administrative Law Judge F. Joseph Brady (“ALJ Brady”) and the Pennsylvania Public Utility Commission (“Commission” or “PUC”) approve the Settlement without modification during or before the Commission’s June 13, 2024 public meeting. Upon final Commission Order, PGW proposes to submit a Further Revised EnergySense Demand Side Management Portfolio Implementation Plan, Fiscal Years 2025-2027 in compliance with the Settlement terms described below and the Commission’s final order.

The request for a final order on or before the June 13, 2024 public meeting is to permit PGW sufficient time to put all plan modifications into effect in FY2025, which begins on September 1, 2024, as required by the Settlement. It is important for PGW to have certainty on these items by mid-June so that the Company can take the necessary steps to implement the Plan, which may require issuing RFPs, website development, and other IT buildout.

In support of this Settlement, the Joint Petitioners state as follows:

I. BACKGROUND

1. On March 15, 2023, PGW held a collaborative meeting with interested parties to review its upcoming Demand Side Management (“DSM”) Program filing and solicit input,

pursuant to the Commission's May 6, 2021 Order approving PGW's DSM Program for Fiscal Years 2021-2023 ("FY21-23 Plan" or "Phase III") in the above-referenced docket.

2. On June 16, 2023, PGW filed its proposed Phase IV Demand Side Management ("DSM") Program Implementation Plan for Fiscal Years 2024-2026 ("Implementation Plan" or "FY24-26 Plan"). The Implementation Plan described program budgets and implementation details that PGW proposed to follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2023 to August 31, 2026.

3. This filing was made in accordance with the Commission's November 1, 2016 Final Order in this docket (Docket No. P-2014-2459362) approving PGW's DSM Phase II Plan for Fiscal Years 2016 through 2020, including the provision authorizing the continuation of PGW's DSM programming beyond FY 2020 through ongoing triennial update filings.

4. Notices of Intervention or Petitions to Intervene were filed in this proceeding by OCA, OSBA, CAUSE-PA, TURN, and PICGUG. OCA and CAUSE-PA also filed Answers in response to PGW's Phase IV Plan.

5. On July 27, 2023, PGW filed a letter proposing to delay implementation of the Phase IV Plan and instead maintain its currently effective Phase III Plan until it receives Commission approval to implement the Phase IV Plan.

6. On August 16, 2023, a prehearing conference was held before ALJ Brady and a schedule was established for the submission of testimony and evidentiary hearings.

7. On August 18, 2023, ALJ Brady issued an Order which, *inter alia*, granted PGW's request to maintain its currently effective Phase III Plan until it receives Commission approval to implement its Phase IV Plan.

8. On September 27, 2023, PGW filed direct testimony and accompanying exhibits in support of its DSM Phase IV Plan. As part of this filing, PGW submitted a Revised DSM Implementation Plan for Fiscal Years 2025-2029, which modified PGW's originally filed Phase IV Plan to begin in FY 2025 (instead of FY 2024) and to implement the Plan over a five-year term (rather than a three-year term as originally proposed). (PGW St. No. 1, PGW Exh. DA-1).

9. On November 13, 2023, OCA, OSBA and CAUSE-PA/TURN filed direct testimony and accompanying exhibits.

10. On December 14, 2023, PGW filed rebuttal testimony and accompanying exhibits.

11. On January 11, 2024, OCA, OSBA and CAUSE-PA filed surrebuttal testimony.

12. Cross-examination of all witnesses was waived, and the evidentiary hearings scheduled for January 17-18, 2024 were cancelled.

13. The active parties engaged in settlement discussion to try to achieve a settlement of some or all of the issues in this case. As a result of these negotiations, the Joint Petitioners were able to reach the full Settlement set forth herein.

14. On February 20, 2024, the parties submitted a Joint Stipulation for the Admission of Testimony and Exhibits.

II. TERMS AND CONDITIONS OF SETTLEMENT

15. The Joint Petitioners hereby respectfully request that PGW's Revised Phase IV DSM Implementation Plan (PGW Exh. DA-1) be approved as filed with the following modifications:

16. Term of the DSM Phase IV Plan

a. The Plan will be a three-year plan to be in effect from PGW's FY 2025 (beginning on September 1, 2024) through FY 2027 (ending on August 31, 2027).

b. Prior to proposing a continuation of the Plan, if the Company proposes to offer equipment rebates for gas furnaces, PGW will conduct a market baseline study to determine the typical efficiencies of gas furnaces that are sold in PGW's service territory and the percentage of total sales that occur at different efficiency levels. PGW will be permitted to recover the reasonable cost of this study in its Efficiency Cost Recovery Surcharge. As part of any request for Plan continuation PGW will include updated cost-effectiveness results using actual market baseline efficiencies to determine the cost effectiveness of any proposed gas equipment rebates.

c. By March 31, 2026, PGW will hold a stakeholder meeting to discuss the DSM Plan participation rates and marketing events. PGW will provide sixty (60) days of advance notice to stakeholders, including all parties to this case, so that parties have sufficient time to plan for and attend the meeting.

d. At least three (3) months in advance of filing a new DSM plan, PGW will host a meeting with interested parties to present the Company's proposal. PGW will coordinate with all parties to this case to select a meeting date.

i. If PGW files a new DSM plan with the Commission, PGW will include in such DSM plan a proposal for using unspent budgeted residential program DSM incentive funds from FY25-FY27 to deliver no-cost energy efficiency measures to especially vulnerable customers in the 151-200% FPL income tier, up to the amount of \$500,000 to fund these programs, and will offer the program as part of the next DSM plan until these funds are exhausted. The criteria for qualification will include customers with a medical certificate in the prior 6 months, customers with an active Protection from Abuse ("PFA") order or

court order issued by a court of competent jurisdiction providing clear evidence of domestic violence or households with senior citizens over age 65 or children under age 5. As evidence of income, such customers will orally provide income information establishing that their household income is in the 151%-200% FPL tier. As evidence of the age of household members, the customer will provide an oral statement, to be in effect at the time made and accepted for future work.

17. Within ninety (90) days after final PUC approval of the Settlement in this proceeding, PGW will file a revised FY25-FY27 DSM Plan that will include a revised budget that will allocate administrative budgets to individual programs.

a. PGW's revised budget will be limited to the amounts approved by the Commission, as the revisions will provide detailed breakouts for each of PGW's individual DSM programs set forth on Tables 1 and 2 of PGW's Revised DSM IV Plan (PGW Exhibit DA-1, p. 7).

b. PGW will revise Table 1 and Table 2 to provide for each of the program budgets to be broken out by functional category, customer incentives, administration, marketing, technical assistance, inspections, and evaluation.

18. If PGW filed a new DSM Plan proposal, PGW will provide the following information alongside its DSM proposal:

a. The budget breakout identified in Paragraph 17 above;

b. Identification of the activities that each budget is planned to be used for;

c. Excel worksheets that identify PGW's budget calculation for each individual DSM program and for PGW's overall budget.

19. Federal funding opportunities for PGW and its customers

a. PGW will make reasonable efforts to have a meeting with representatives from the Pennsylvania Department of Environmental Protection to discuss how best to leverage federal funding and incentives that may become available through the Inflation Reduction Act or other sources to expand and/or improve the program. Parties to this settlement will be invited to the meeting, provided that PA DEP is agreeable to inviting the parties. PGW will identify its efforts and the outcomes of those efforts in its first Annual Report for the Revised Phase IV DSM Plan.

b. PGW agrees to include information for all residential customers in three customer billing cycles, either through on-bill messaging or as a bill insert, about federal funding available to customers through rebates that they may pursue directly. The information may include, but not be limited to, the rebate opportunities identified in OCA Statement No. 1, which details rebates that will be available beginning in 2024 through the High-Efficiency Electric Home Rebate Act (“HEEHRA”) and the HOMES energy rebate program. The information provided will be educational in nature and may include messaging identifying the possible availability of HEEHRA and HOMES rebate opportunities, providing a link for the DEP’s website where more information about programming is available, and providing information about existing tax credits for natural gas energy efficiency measures. To the extent the equipment efficiency thresholds required to qualify for rebates in the PGW Appliance Rebate Program are lower than the efficiency thresholds required to qualify for rebates in the HOMES programs in Pennsylvania, PGW agrees to update its marketing materials and its website with an appropriate disclosure to inform customers about the higher efficiency level required to qualify for rebates under both PGW’s Program and the HOMES program.

20. PGW will cap its administrative spending at 41% of total program costs over the duration of the plan.

21. PGW will be permitted to offer variable refrigerant flow (“VRF”) natural gas heat pumps as a pilot program under the Commercial Equipment Rebate (“CER”) program.

a. The pilot will be limited to a total of 18 units over the course of the Phase IV Plan.

b. Customers participating in the pilot will be asked to complete an optional questionnaire with up to 10 questions about their project. This questionnaire will be developed with the opportunity for input by OSBA.

c. After 18 units are rebated, PGW will provide the customer survey results in its next filed Annual Report.

22. In its Annual Report, PGW will report to the PUC and the Parties on:

a. Small business participation in the Small Business Assessment (“SBA”) and CER programs, and

b. PGW’s marketing activities for the SBA and CER programs.

c. Specifically, the report will include the number of participants in each program, annual savings of each program, incentive payments made for each program, customer costs incurred under each program, and the costs and benefits of each program (TRC). The report will also include the ratio of small businesses to other commercial customers participating in the CER program.

23. PGW will notify its customers and contractors of the Low Income Rebate for Roof Insulation program. The notifications will include opportunities for additional project funding through coordination with community organizations, informational sessions with

qualified contractors, and other means. PGW will provide a copy of the notifications to the parties to this proceeding. With customer consent, PGW will facilitate the sharing of project-specific information with other low income efficiency and home repair programs within the service territory pursuant to the following terms:

a. PGW will make best efforts to meet with other organizations to identify opportunities for collaboration, including through the Weatherization Assistance Program, LIHEAP Deferral Program, Philadelphia Basic Systems Repair Program, Philadelphia Energy Authority's Built to Last Program, Philadelphia's Whole Home Repair Fund, and PECO's Act 129 and LIURP programs.

b. PGW will include a single checkbox on its low-income DSM program applications asking the customer if they consent to allowing PGW to share information about their projects with other low-income energy efficiency and home repair programs within PGW's service territory.

c. If the customer consents, PGW will provide a list of leads to the related agencies that will identify the work completed and the customer's name, address, and email address (if provided by the customer).

d. PGW will report on the outcomes of its coordination efforts in subparts a-c in its annual DSM report.

24. To increase the number of homes where air sealing occurs, PGW will market and implement its roof insulation rebate program as a combined roof insulation and air sealing rebate program. Customers who do not want to pursue air sealing, or who find themselves unable to pursue air sealing, have the right to not have air sealing. Insulation and air sealing will be installed by Building Performance Institute ("BPI") certified contractors. For the purposes of this

measure, air sealing shall be defined as sealing all reasonable accessible gaps and penetrations in an attic space in order to align the home's top pressure boundary with the thermal boundary that will be created by the newly installed insulation, per building science best practice protocols established by the BPI).

25. PGW will increase its annual budget for the Low Income Smart Thermostat ("LIST") program to \$110,000 per year. PGW will evaluate program spending eight (8) months into the program year. Additionally, if the amounts budgeted for the Residential Construction Grants ("RCG") program or EnergySense Kits ("ESK") program are not fully spent at the end of each program year, PGW will reallocate 25% of any unspent funds from these programs to support LIST in the following year.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

26. PGW, OCA, OSBA, CAUSE-PA, and TURN have prepared, and attached hereto as Statements A through E, their Statements in Support setting forth the bases upon which they believe that the Settlement is in the public interest.

27. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- (a) ***Substantial Litigation and Associated Costs Will Be Avoided.*** The Settlement amicably and expeditiously resolves a number of important issues. The administrative burden and costs to litigate these matters to conclusion could be significant.
- (b) ***The Settlement Is Consistent With Commission Policies Promoting Negotiated Settlements.*** The Joint Petitioners arrived at the Settlement terms after conducting discovery, preparing and submitting testimony, and

engaging in discussions. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission's rules and practices encouraging negotiated settlements (*see* 52 Pa. Code §§ 5.231, 69.391) and is supported by the record.

- (c) ***The Settlement Is A Reasonable Resolution.*** The Settlement represents a reasonable resolution regarding the continuation of PGW's DSM program while balancing the interests of ratepayers and the public.

IV. ADDITIONAL TERMS AND CONDITIONS

28. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any party in this or any other proceeding, if it were fully litigated.

29. Each term and condition set forth in this Settlement, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized or otherwise emphasized, or set forth in the body, a footnote, or parenthetical, or appendix, is material consideration to the entry into this Settlement by the parties signing below.

30. This Settlement is being presented only in the context of this proceeding in an effort to resolve the proceeding in a manner that is fair and reasonable. The Settlement is the product of compromise. This Settlement is non-precedential and is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance in the future on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

31. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners, and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw from the Settlement as provided above, the Joint Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

32. If the ALJ, in his Recommended Decision, recommends that the Commission adopt the Settlement herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement, or any additional matters proposed by the ALJ in his Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

33. This Settlement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request that the ALJ and the Commission approve the Settlement as set forth herein, including all terms and conditions, without modification and that a final order in the matter be entered on or before the June 13, 2024 public meeting to enable PGW to implement the agreed-to commitments on the timeframe proposed in the settlement.

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Counsel for TURN

Respectfully submitted,



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Counsel for OSBA

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Respectfully submitted,

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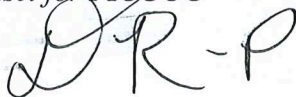
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Counsel for OSBA

Exhibit 1

PGW Statement A

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2024-2026	:	
	:	Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service	:	
and Energy Conservation Plan for 2014-	:	
2016 52 Pa Code § 62.4 – Request for	:	
Waivers	:	

**PHILADELPHIA GAS WORKS’
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT**

Philadelphia Gas Works (“PGW” or the “Company”) hereby submits this Statement in Support of the Joint Petition for Settlement (“Settlement” or “Joint Petition”) filed in the above-captioned proceeding.

The Settlement is joined in by the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), and Tenant Union Representative Network (“TURN”). Additionally, the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”) does not oppose the Settlement.¹

PGW believes that the Settlement is in the best interests of PGW and its customers. The Settlement provides for the continuation of PGW’s voluntary Demand Side Management (“DSM”) Program as described in the Revised Phase IV DSM Implementation Plan (“Revised

¹ See Joint Petition at 1.

Implementation Plan”) submitted as PGW Exhibit DA-1, with the changes provided by the Settlement. PGW’s DSM Plan is voluntarily offered by the Company as a service to its customers. The Revised Implementation Plan provides for a continuation of the Company’s DSM programming, with various additions including a new EnergySense Kits (“ESK”) program and Small Business Assessments (“SBA”) program. By continuing and improving on these programs, PGW will continue supporting the deployment of high efficiency natural gas equipment in order to provide PGW customers with the opportunity to reduce gas usage and associated costs, as well as supporting conservation and load management efforts in Philadelphia. These programs not only help program participants save money, but they also provide benefits to all PGW customers by reducing natural gas costs, reducing carbon emissions and improving load management.

The Settlement was reached after the submission of testimony and after a series of negotiations concerning the issues raised by the Revised Implementation Plan. It therefore represents a reasonable resolution of this proceeding, is in the public interest and should be approved expeditiously and without modification.²

I. BACKGROUND

On March 15, 2023, PGW held a collaborative meeting with interested parties to review its upcoming DSM Program filing and solicit input. On June 16, 2023, PGW filed its proposed Phase IV DSM Program Implementation Plan for Fiscal Years 2024-2026 (“FY24-26 Plan”).³ The

² See Joint Petition at ¶¶ 26-27.

³ PGW originally filed for approval of its initial DSM on March 26, 2009 which was in effect from September 1, 2010 through August 31, 2015. The DSM has been continuously operating since that time. Unlike the electric distribution companies, there are no statutory requirements for natural gas distribution companies like PGW to offer energy conservation programs. See, e.g., *2021 Total Resource Cost (TRC) Test*, Docket No. M-2019-3006868, Final Order entered December 19, 2019 at 10. (“[T]here are several key distinctions between EDC EE&C plans and NGDC EE&C plans. Most notably, there are not statutory requirements for NGDCs to achieve specific savings targets.”) The Commission has also recognized that PGW’s DSM is a voluntary program. See *Petition of Philadelphia Gas Works for Approval of Demand Side Management Plan for FY 2016-2020*, Docket No. P-2014-2459362, Tentative Opinion and Order entered Aug. 4, 2016, at 70.

FY24-26 Plan described program budgets and implementation details that PGW proposed to follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2023 to August 31, 2026. This filing was made in accordance with the Commission's November 1, 2016 Final Order in this docket (Docket No. P-2014-2459362) approving PGW's DSM Phase II Plan for Fiscal Years 2016 through 2020, including the provision authorizing the continuation of PGW's DSM programming beyond Fiscal Year ("FY") 2020 through ongoing triennial update filings. Due to the ongoing litigation in this proceeding, PGW filed a letter on July 27, 2023 proposing to delay implementation of the Phase IV Plan and instead maintain its currently effective Phase III Plan until it receives Commission approval to implement the Phase IV Plan. This request was granted in an Order issued on August 18, 2023, and PGW's Phase III Plan remains in place at this time.

This proceeding was assigned to Administrative Law Judge F. Joseph Brady for hearings and issuance of a Recommended Decision. The parties engaged in discovery and submitted testimony and exhibits. PGW submitted direct, rebuttal and rejoinder testimonies. Importantly, as part of its direct testimony, PGW submitted a Revised Implementation Plan as Exhibit DA-1 ("Revised Implementation Plan" or "Phase IV Plan"). OCA, OSBA and CAUSE-PA each submitted direct and surrebuttal testimonies. The parties also engaged in discussions to try to achieve a settlement of some or all of the issues in this case. The evidentiary hearings scheduled for January 17-18, 2024 were cancelled after cross-examination of all witnesses was waived. On February 20, 2024, the parties submitted a Joint Stipulation for the Admission of Testimony and Exhibits. As a result of the settlement negotiations, the Joint Petitioners were able to reach a Settlement on all issues as set forth in the Joint Petition.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST AND SHOULD BE APPROVED EXPEDITIOUSLY AND WITHOUT MODIFICATION

A. Standard of Review of Settlements

The Commission encourages parties in contested on-the-record proceedings to settle cases.⁴ Settlements eliminate the time, effort and expense the parties must expend litigating a case and at the same time conserve administrative resources. Such savings benefit not only the individual parties, but also the Commission and all ratepayers of a utility, who otherwise may have to bear the financial burden such litigation necessarily entails. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁵

The focus of inquiry for determining whether a proposed settlement should be recommended for approval is not a “burden of proof” standard, as is utilized for contested matters.⁶ Instead, the benchmark for determining the acceptability of a settlement or partial settlement is whether the proposed terms and conditions are in the public interest.⁷

By definition, a “settlement” reflects a compromise of the positions that the parties of interest have held, which arguably fosters and promotes the public interest. When active parties in a proceeding reach a settlement, the principal issue for Commission consideration is whether the agreement reached suits the public interest.⁸ In their supporting statements, the Joint

⁴ See 52 Pa. Code § 5.231.

⁵ 52 Pa. Code § 69.401.

⁶ See, e.g., *PUC v. Borough of Schuylkill Haven Water Department*, Docket No. R-2015-2470184, et al., Opinion and Order entered Oct. 22, 2015 adopting the Recommended Decision dated Sept. 1, 2015 at 9-10, 2015 Pa. PUC LEXIS 422; *PUC v. City of Lancaster – Bureau of Water*, Docket Nos. R-2010-2179103, et al., Opinion and Order entered July 14, 2011, at 11; *Warner v. GTE North, Inc.*, Docket No. C-00902815, Opinion and Order entered April 1, 1996, 1996 Pa. PUC LEXIS 78.

⁷ *Id.*; see also *PUC v. Allied Utility Services, Inc.*, Docket No. R-2015-2479955, et al., Opinion and Order entered April 7, 2016 adopting the Recommended Decision dated Feb. 26, 2016 at 8, 2016 Pa. PUC LEXIS 73.

⁸ See, e.g., *PUC v. York Water Co.*, Docket No. R-00049165, Opinion and Order entered Oct. 4, 2004 adopting the Recommended Decision dated Aug. 30, 2004.

Petitioners conclude, after discovery and discussion, that this Settlement resolves all issues in this case, fairly balances the interests of the Company and its ratepayers, is in the public interest, and is consistent with the requirements of the Public Utility Code.

Not every issue was of equal concern to every Joint Petitioner. Accordingly, each of the Joint Petitioners' statements in support does not necessarily address each and every aspect of the Settlement.

B. Revised Phase IV Implementation Plan

The Settlement avoids further litigation on the DSM Program through FY 2027 as described in the Revised Implementation Plan (PGW Exh. DA-1) as modified by the Settlement. The DSM Program is in the public interest as it provides a host of benefits to both participating customers and PGW customers as a whole. By supporting the deployment of high efficiency natural gas equipment, the program provides PGW customers with reductions in natural gas usage and associated costs, and also supports conservation and load management efforts in Philadelphia. The DSM Program makes high efficiency natural gas equipment more accessible to customers by reducing up-front costs of installing this equipment, and thereby helps reduce customer bills, reduce carbon emissions, and improve load management. Approval of the Revised Implementation Plan and the Settlement will result in continued financial and customer satisfaction benefits for PGW's customers, while providing economic and environmental benefits for PGW ratepayers.

The Phase IV DSM Program's overall budget for FY 2025 to FY 2027 is approximately \$7.6 million,⁹ but is projected to provide significant benefits that exceed the costs to PGW

⁹ Revised Implementation Plan at 7, Table 1. (Note that figures may be updated in the compliance plan that will be filed after the Commission issues a final Order.)

customers, indicating that the Program is cost-effective.¹⁰ The program is also projected to provide natural gas savings of 138,508 MMBtu in FY 2025-2027, and lifetime natural gas savings of over 2.6 million MMBtu over the life of the measures installed as part of the program.¹¹ The measures will result in savings to electricity and water usage as well.¹² While the voluntary DSM Program is limited in scope and therefore can provide direct benefits to only a subset of PGW's 500,000 customers, it nonetheless provides reasonable benefits to both participating customers and PGW's customers as a whole.

For these reasons, the DSM Program is in the public interest, and continuation of these programs pursuant to the Revised Implementation Plan and the Settlement is also in the public interest. Therefore, the Settlement should be approved without modification.

C. Term of the Plan and Stakeholder Meetings

The Revised Implementation Plan proposed to implement the Phase IV DSM Program as a five-year plan to be in effect from FY 2025 through FY 2029. As part of the Settlement, the parties agreed to instead implement the Phase IV Plan for a three-year term, to be in effect from PGW's FY 2025 (which begins on September 1, 2024) through FY 2027 (ending on August 31, 2027).¹³ The three-year term is consistent with the plan term in prior DSM phases. Additionally, beginning the Plan's term in FY 2025 (rather than in FY 2024 as proposed in the original filing) recognizes the time spent on litigation and allows sufficient time for PGW to implement the program in September 2024 after obtaining Commission approval.

¹⁰ Revised Implementation Plan at 8-10. (Note that figures may be updated in the compliance plan that will be filed after the Commission issues a final Order.)

¹¹ Revised Implementation Plan at 8, Tables 3 and 4. (Note that figures may be updated in the compliance plan that will be filed after the Commission issues a final Order.)

¹² Revised Implementation Plan at 9, Tables 5-7. (Note that figures may be updated in the compliance plan that will be filed after the Commission issues a final Order.)

¹³ Joint Petition at ¶ 16.a.

Prior to filing a new DSM Plan, PGW has also agreed to take certain steps to allow for feedback from the parties. The Company will hold a stakeholder meeting by March 31, 2026 to discuss participation rates and marketing events for the DSM.¹⁴ This will provide PGW and the parties an opportunity to discuss these aspects of the program midway through the Phase IV Plan term. Additionally, at least three months before filing a new DSM plan, PGW will host a meeting with interested parties to present its next plan proposal.¹⁵

These settlement terms allow the Phase IV Plan to be in place for a reasonable period of time, and provide for additional transparency and discussion between PGW and the parties to help promote successful implementation. As such, these terms are in the public interest and should be approved without modification.

D. Plan Budget

Through its testimony, OCA requested a greater level of detail in the budgets presented in the DSM filing.¹⁶ To address these concerns, PGW has agreed to file a further revised FY 2025-FY 2027 DSM Plan within ninety (90) days after final Commission approval of the Settlement to include a revised budget. The revised budget will allocate administrative budgets to individual programs, and will break out the budgets in Tables 1 and 2 by functional category, customer incentives, administration, marketing, technical assistance, and evaluation.¹⁷ If PGW files a new DSM plan in the future, the Company has agreed to provide this same budget breakout in the future filing, as well as identification of activities that each budget will be used for, and Excel worksheets that identify the budget calculation for each individual DSM program and for the overall budget.¹⁸

¹⁴ Joint Petition at ¶ 16.c.

¹⁵ Joint Petition at ¶ 16.d.

¹⁶ OCA St. 1 at 6-9.

¹⁷ Joint Petition at ¶ 17.

¹⁸ Joint Petition at ¶ 18.

These terms will provide additional budgetary information to the parties and the Commission, and allow for a more streamlined review of the budgets if PGW files a new DSM plan.

OSBA also raised concerns with the level of administrative spending included in the budget.¹⁹ To address these concerns, PGW has agreed to cap its administrative spending at 41% of total program costs over the duration of the Phase IV Plan.²⁰ The Company submits that this cap will provide sufficient funding to administer the program while also appropriately containing administrative costs.

These terms regarding the budget in the Revised Implementation Plan address the parties' concerns by providing additional information and limiting costs. PGW submits that this resolution is in the public interest and should be approved.

E. Market Baseline Study

Under the Settlement, PGW has agreed that, if it proposes a continuation of the DSM plan in the future and proposes to offer equipment rebates for gas furnaces, it will conduct a market baseline study to determine the typical efficiencies of gas furnaces that are sold in its service territory and the percentage of total sales that occur at different efficiency levels.²¹ Information from this study will be used in the future DSM plan to determine the cost-effectiveness of any proposed natural gas equipment rebates.²² This term will provide greater information to the parties and the Commission if PGW requests a future continuation of the DSM plan that includes natural gas equipment rebates, and will help ensure that PGW's DSM program remains cost effective in the future. As such, this term is in the public interest and should be approved without modification.

¹⁹ OSBA St. No. 1 at 12-14.

²⁰ Joint Petition at ¶ 20.

²¹ Joint Petition at ¶ 16.b.

²² *Id.*

F. Federal Funding

In his testimony, OCA witness Geoffrey Crandall raised the potential availability of federal funding that PGW and/or its customers could access to support related energy efficiency measures.²³ As PGW explained in response, the timing of when such funds may become available and their applicability is unclear at this time.²⁴ The Settlement addresses these issues by providing ways for PGW to explore potential funding to expand and/or improve the DSM program, and to share relevant information with its customers.

First, the Company will make reasonable efforts to meet with representatives of the Pennsylvania Department of Environmental Protection (“PA DEP”), which will be administering these funds, to discuss ways to leverage federal funding and incentives that may become available through the Inflation Reduction Act or other sources. PGW will invite the parties to such a meeting if agreeable to PA DEP, and PGW will report on these efforts in its first Annual Report for the Phase IV DSM Program.²⁵

Further, the Company has agreed to provide certain educational information to all residential customers about federal funding that may be available directly to customers through rebates under the High-Efficiency Electric Home Rebate Act (“HEEHRA”) and the HOMES energy rebate program. This includes providing information in three customer billing cycles, either through on-bill messaging or as a bill insert.²⁶ These settlement terms address OCA’s concerns and can provide information to both PGW and its customers to help build on the measures in the DSM program and potentially gain additional savings through applicable federal funding. As such, these terms are in the public interest and should be approved.

²³ OCA St. 1 at 9-11.

²⁴ PGW St. No. 2-R at 1-2.

²⁵ Joint Petition at ¶ 19.a.

²⁶ Joint Petition at ¶ 19.b.

G. Small Business Programming and Participation

The Settlement also includes terms related to small business participation in the DSM program to address concerns raised by OSBA. PGW submits that these terms are in the public interest. This settlement language will help ensure that small businesses benefit from the DSM programming and allow PGW to offer rebates for natural gas heat pumps as part of the Commercial Equipment Rebates (“CER”) program on a pilot basis. Additionally, reporting on small business participation rates will allow the interested parties to assess the success of these programs. Therefore, the Settlement terms are in the public interest and should be approved without modification.

1. Variable Refrigerant Flow Natural Gas Heat Pumps

In her testimony, OSBA witness Angela Vitulli expressed concerns about PGW’s proposal to offer variable refrigerant flow (“VRF”) natural gas heat pumps as part of the CER program.²⁷ To address OSBA’s concern, PGW has agreed to offer VRF heat pumps as a pilot program.²⁸ The pilot will offer rebates for up to 18 units over the course of the Phase IV Plan.²⁹ PGW will develop an optional questionnaire, with input from OSBA, of up to 10 questions to gather information from customers installing the VRF natural gas heat pumps.³⁰ After 18 units have been rebated, PGW will then share the customer survey results as part of its next filed DSM Annual Report.³¹

These settlement terms address OSBA’s concerns and allow PGW to offer a limited number of rebates for this natural gas heat pump technology. This offering will allow commercial customers to reduce their natural gas usage and will allow PGW to gather information to assess

²⁷ OSBA St. No. 1 at 14-19

²⁸ Joint Petition at ¶ 21.

²⁹ Joint Petition at ¶ 21.a.

³⁰ Joint Petition at ¶ 21.b.

³¹ Joint Petition at ¶ 21.c.

whether to continue offering such rebates in the future. The Company submits that this term is in the public interest and should be approved.

2. Reporting on Small Business Participation

OSBA also raised concerns about the past level of small business participation in the DSM programs.³² For the Phase IV Plan, PGW has agreed to include in its Annual Reports information on small business participation in the CER program and the new SBA program, as well as PGW's marketing activities for the SBA and CER programs.³³ The reports will detail the number of participants, annual savings, incentive payments, customer costs, and costs and benefits for each of these programs, and the ratio of small businesses to other commercial customers participating in the CER program.³⁴ These settlement terms are in the public interest as they will provide more information on small business participation to the parties and the Commission, which can be used to assess the success of efforts to encourage small business participation.

H. Low-Income Programming

PGW's Phase IV DSM program, along with the Settlement terms, provide significant benefits to PGW's low-income customers. PGW's Revised Implementation Plan offers the new ESK program, which will provide customers – including low-income customers – with a free kit of measures to address space heating, water heating, or both.³⁵ Further, PGW has agreed as part of the Settlement to provide additional benefits specific to low-income customers as part of its voluntary DSM Program.³⁶ These benefits will provide additional funding for free smart

³² OSBA St. No. 1 at 9-12.

³³ Joint Petition at ¶ 22.a and b.

³⁴ Joint Petition at ¶ 22.c.

³⁵ See PGW St. No. 2 at 7.

³⁶ As more fully explained in the Direct Testimony of Denise Adamucci, PGW's Low Income Usage Reduction program ("LIURP") was a part of PGW's initial voluntary DSM plan but removed by the Commission and became a part of PGW's USECP starting in 2017. PGW St. No. 1 at 6-7.

thermostats to low-income customers, as well as additional marketing to promote roof insulation and air sealing rebates for low-income customers.

PGW notes that, in addition to the DSM, the Company has a robust Universal Service Energy and Conservation Plan (“USECP”) which specifically focuses on energy conservation and cost reductions for low-income customers. The USECP includes PGW’s Low-Income Usage Reduction Program (“LIURP”), which is the largest natural gas low-income program in the Commonwealth.³⁷ Through this DSM Program, PGW is providing even more opportunities for its low-income customers to reduce their energy usage. With respect to customer assistance program (“CAP”) customers who participate in these voluntary programs, such participation will benefit non-CAP customer by potentially lowering the costs of CAP. Accordingly, the proposed additional benefits to low-income customers as agreed to in this Settlement benefit the overall public interest.

1. Low-Income Smart Thermostats

As part of the Revised Implementation Plan, PGW proposed to continue offering its Low Income Smart Thermostat (“LIST”) program, through which PGW provides low-income customers with a smart thermostat at no cost. As part of the Settlement, PGW will increase its annual budget for the LIST program from the proposed \$60,000 to \$110,000 per year.³⁸ Additionally, if the amounts budgeted for the Residential Construction Grants (“RCG”) or ESK programs are not fully spent at the end of each program year, PGW will reallocate 25% of any unspent funds to support the LIST program in the following year.³⁹

³⁷ See the PA PUC 2022 Report on Universal Service Programs and Collections Performance, at 54, available at <https://www.puc.pa.gov/media/2573/2022-universal-service-report-final.pdf>.

³⁸ Joint Petition at ¶ 25.

³⁹ *Id.*

The additional funding for smart thermostats will help low-income customers manage their gas usage and decrease their bills, particularly during the heating season. Reduced energy usage lowers costs for both the low-income consumers and those who pay for the costs of the low-income programs. This supports the public interest and should be approved without modification.

2. Roof Insulation and Air Sealing Rebates

The Settlement also provides for additional coordination and promotion of PGW's roof insulation and air sealing rebates available to low-income customers. PGW has agreed to notify its customers and contractors of the Low Income Rebate for Roof Insulation program, which will include highlighting opportunities for additional funding through coordination with community organizations and informational sessions with qualified contractors.⁴⁰ PGW will share copies of these notifications with the parties.⁴¹

Further, if customers provide consent, PGW has agreed to facilitate sharing project-specific information with other low-income efficiency and home repair programs within its service territory.⁴² To do so, PGW will make best efforts to meet with other organizations – including the Weatherization Assistance Program, LIHEAP Deferral Program, Philadelphia Basic Systems Repair Program, Philadelphia Energy Authority's Build to Last Program, Philadelphia's Whole Home Repair Fund, and PECO Energy Company's Act 129 and LIURP Programs – to identify opportunities for collaboration.⁴³ PGW will also include a checkbox on its DSM application forms asking if the customer consents to allowing PGW to share information about their projects with other low-income energy efficiency and home repair programs within PGW's service territory.⁴⁴

⁴⁰ Joint Petition at ¶ 23.

⁴¹ *Id.*

⁴² *Id.*

⁴³ Joint Petition at ¶ 23.a.

⁴⁴ Joint Petition at ¶ 23.b.

If the customer consents, PGW will provide a list of leads to the related agencies that will identify work completed and the customer's name, address, and email address (if provided).⁴⁵ PGW will report on these efforts as part of its DSM Annual Reports.⁴⁶

PGW has also agreed to implement its roof insulation rebate program as a combined roof insulation and air sealing rebate program.⁴⁷ This term addresses testimony submitted by CAUSE-PA seeking more air sealing and is intended to help increase the number of homes where air sealing occurs.⁴⁸

PGW submits that these terms provide additional promotion of rebates for roof insulation and air sealing and will help eligible low-income customers reduce their natural gas bills, which benefits both low-income customers and other PGW ratepayers who pay for PGW CAP program. These terms are in the public interest and should be approved without modification.

3. Funding for Especially Vulnerable Customers in New DSM Plan

The Settlement also provides that if PGW files a new DSM plan, it will include a proposal for using unspent budgeted residential program DSM incentive funds from FY 2025 to FY 2027 to deliver no-cost energy efficiency measures to especially vulnerable customers in the 151% to 200% Federal Poverty Level ("FPL") income tier, up to the amount of \$500,000, which will be offered as part of the next phase of the DSM plan until the funds are exhausted.⁴⁹ Criteria for participation as an "especially vulnerable customer" will include customers with a medical certificate in the prior 6 months, customers with an active Protection from Abuse ("PFA") order or court order issued by a court of competent jurisdiction providing clear evidence of domestic

⁴⁵ Joint Petition at ¶ 23.c.

⁴⁶ Joint Petition at ¶ 23.d.

⁴⁷ Joint Petition at ¶ 24.

⁴⁸ CAUSE-PA St. 1 at 19-22.

⁴⁹ Joint Petition at ¶ 16.d.i.

violence or households with senior citizens over age 65 or children under age 5.⁵⁰ Under these terms, unspent residential funds from the Phase IV DSM program will provide benefits to certain customers under any future plan PGW proposes, and will target this group of customers that does not generally qualify as “low-income” but is considered especially vulnerable based on the identified criteria.

In sum, PGW submits that these low-income terms are in the public interest because they will provide additional benefits to low-income customers. The Settlement would allow hundreds of low-income customers to access smart thermostats and other efficient equipment and roof insulation and air sealing measures to help them conserve energy and better manage their natural gas bills. PGW submits that the Settlement’s low-income additions are in the public interest and should be approved without modification.

⁵⁰ *Id.*

III. CONCLUSION

The Settlement represents a reasonable resolution of all issues raised by the active parties in this proceeding. Its terms are in the public interest and modifies PGW's Revised Phase IV Plan in ways that will enhance the meaningful benefits that will be delivered to PGW's customers. The Settlement also reduces the administrative burden on the Commission and the litigation costs of all of the active parties. Accordingly, for the reasons set forth above and in the Joint Petition, PGW submits that the Settlement is in the public interest and should be approved without modification.

Therefore, PGW respectfully requests that the ALJ and the Commission expeditiously review and approve the Settlement without modification, and take any other action deemed to be in the public interest.

Respectfully submitted,

/s/ Lauren M. Burge

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Dated: February 29, 2024

Counsel for Philadelphia Gas Works

OCA

Statement B

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works	:	
for Approval of Demand-Side Management	:	
Plan For FY 2024-2026	:	
	:	Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service	:	
and Energy Conservation Plan For 2014-2016,	:	
52 Pa. Code § 62.4- Request for Waivers	:	

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory party to the Joint Petition for Settlement (Joint Petition or Settlement) in the above-captioned proceeding, respectfully requests that the terms and conditions of the Settlement be approved by Deputy Chief Administrative Law Judge F. Joseph Brady and the Pennsylvania Public Utility Commission (Commission). It is the position of the OCA that the proposed Settlement is in the public interest and in the interests of the residential customers of Philadelphia Gas Works (PGW or Company).

I. INTRODUCTION

The OCA entered this case in accordance with its mission to represent the interests of consumers before the Pennsylvania Public Utility Commission. *See* 71 P.S. §§ 309-1, *et seq.* On June 16, 2023, PGW filed its Demand Side Management Implementation Plan Fiscal Years 2024-2026 to cover the period September 1, 2023 to August 31, 2026. (DSM IV Plan). On July 6, 2023, the OCA filed an Answer to PGW’s DSM IV Plan. From the outset of this case, the OCA identified the need to evaluate whether PGW’s proposed DSM V Plan is reasonable, cost-effective and in the best interests of the consumers who will be paying for the program through

rates.¹ OCA Answer at 4-5. OCA also recognized a need to ensure that all of PGW’s DSM IV Plan costs are prudent and result in rates that are just and reasonable. *Id.* at 5. Additionally, the OCA identified a need to examine whether and how PGW’s DSM IV Plan would complement funding that will be available due to the federal Inflation Reduction Act’s (IRA) rebate programs which will be administered in Pennsylvania by the Energy Programs Office within the Department of Environmental Protection. *Id.*

To assist with its analysis of PGW’s proposed DSM IV Plan, the OCA retained the services of expert witness Geoffrey C. Crandall.² OCA witness Crandall recommended that PGW’s Revised DSM IV Plan³ be limited to a three-year term and that it be approved only with the adoption of enumerated conditions necessary to protect ratepayers from imprudent and unreasonable costs. As explained below, the Settlement adopts virtually all of witness Crandall’s recommended conditions. Accordingly, the OCA submits that approval of the Revised DSM IV with the modifications set forth in the Settlement would be in the interest of consumers and in the overall public interest.

¹ In this case, PGW sought permission to spend \$12,714,214 to fund its Revised DSM IV Plan, and these are costs it would recover from its ratepayers through a surcharge identified as the Efficiency Cost Recovery Surcharge (ECRS). PGW St. No. 1, Exh. DA-1 at 7; CAUSE-PA St. 1 at 13.

² Mr. Crandall is a principal and Vice President of MSB Energy Associates of Middleton, WI. Mr. Crandall specializes in residential and low-income issues and the impact of energy efficiency and utility restructuring on customers. He has over 35 years of experience in utility regulatory issues, including energy efficiency, conservation and load management resources programs design and implementation, resource planning, restructuring, mergers, fuel, purchase power, gas cost recovery, planning analysis and related issues. Mr. Crandall has provided expert testimony before more than a dozen public utility regulatory bodies throughout the United States, including this Commission, and before the United States Congress on several occasions. OCA St. 1 at 1-2, Exh. GCC-1.

³ As part of its Direct Testimony served on September 27, 2023, by way of PGW Exhibit DA-1, PGW issued a Revised DSM IV Plan that, inter alia, changed the DSM IV submitted on June 16, 2023 by amending the proposed term from a three-year to a five-year term, and which proposed a modified approval process. PGW St. 1 at 1-2; PGW Exh. DA-1. From that point onward, the “Revised DSM IV Plan” became PGW’s operative proposal.

A. Background

The OCA adopts the background set forth in Paragraphs 1-14 of the Joint Petition.

By way of additional background, OCA witness Crandall provided the following recommendations as part of his Direct Testimony to protect ratepayers from imprudent and unreasonable costs and to maximize the cost-efficiency and effectiveness of the Revised DSM IV Plan:

- 1) PGW's untimely proposal to extend the DSM IV term for an additional two years should be rejected, and the Commission grant approval for the originally proposed FY 24 through FY 26 term. OCA St. 1 at 12-13;
- 2) PGW should be compelled to resubmit the budget information for the Revised DSM IV Plan in order to provide more detailed breakouts, including specifying incentive, administration, marketing, inspection, and evaluation costs; OCA St. 1 at 6-9;
- 3) PGW should attempt to obtain federal funds to leverage and improve the effectiveness of its programming, and it should report annually on the status of its efforts to obtain funding; OCA St. 1 at 9-11;
- 4) PGW should also perform outreach to notify its customers about federally-funded rebate opportunities they may be eligible to apply for directly; OCA St. 1 at 10-12;
- 5) PGW should report annually on the Revised DSM IV Plan performance in a way that also provides for stakeholder input. As part of its reporting, PGW should both monitor, and propose modifications to the Revised DSM IV budget and programming where necessary to address changes in economics, technologies, law, regulatory policy, and other circumstances. OCA St. 1 at 13-15.

As explained more fully in the OCA's support for the Settlement terms below, virtually all of the enumerated conditions identified above will be incorporated into PGW's Revised DSM IV.

II. TERMS AND CONDITIONS OF THE SETTLEMENT

A. Term of the DSM Phase IV Plan (Settlement ¶16)

Pursuant to the settlement, PGW's DSM IV Plan term will be in effect for the three-year period of Fiscal Year (FY) 2025 (beginning on September 1, 2024) through FY 2027 (ending on August 31, 2027). Limiting PGW's DSM IV Plan term to a three-year term was a critical provision

for the OCA. At the outset, the OCA notes that PGW's Revised DSM IV, submitted three months after its original DSM IV Plan filed on June 16, 2023, presented a material departure from its originally-proposed DSM IV Plan term extending from September 1, 2023 to August 31, 2026,⁴ and was revised to extend from September 1, 2024 to August 31, 2029. *See* PGW St. No. 1 at 4. Additionally, as OCA witness Crandall properly acknowledged, more recently, PGW has filed its plan on a three-year schedule. OCA St. 1 at 12. Witness Crandall aptly explained that PGW's three-year DSM terms worked well because DSM programs could be updated and adjusted for changes in costs of natural gas and energy efficiency measures, new technology, and changes in law or policy. *Id.* Importantly, a three-year DSM term would be more prudent than a five-year term because the shorter programming term would permit the type of adaptability that will become important as policies and technologies evolve over the next few years. OCA St. 1SR at 8.

PGW opposed the OCA's three-year plan term recommendation during the litigation phase of this case, in part because it claimed that by the time a Commission Order is entered in this case, FY24 will have ended or nearly be concluded. PGW St. 1R at 4-5. In response, OCA witness Crandall noted that PGW has consistently sought and received permission to extend DSM programming while any new phase of the programming was pending. Additionally, OCA notes that record evidence substantiated OCA's concerns that a longer plan term could jeopardize the justness and reasonableness of DSM costs, as testimony PGW offered substantiated that participation, inflation, and supply chain issues have been variables that impacted PGW's past DSM assumptions. *See* PGW St. No. 2-R at 4.

⁴ *Philadelphia Gas Works EnergySense Demand Side Management Portfolio Implementation Plan*, Fiscal Years 2024-2026, p. 4 (June 16, 2023).

By way of the Settlement, parties reached a reasonable compromise by adopting a three-year term, FY 25 through FY 27, but by also permitting PGW to begin the term in FY 25, or on September 1, 2024. Joint Petition ¶ 16(a). The OCA supports the modified term because it will confine the plan term to the consistent and appropriate three-year period that has worked well in the past, and which was proposed in PGW's initial DSM IV filing. Additionally, adopting a three-year DSM term will better protect ratepayers from variable costs and inaccurate projections that are more likely to develop over a longer plan period. At the same time, permitting the plan term to commence in FY 25 will also permit PGW to have more regulatory certainty because it will have an opportunity to receive Commission action in this case before the DSM IV Plan term begins.

Beyond the length and start of PGW's DSM IV Plan term, the Settlement also outlines PGW's commitment to provide parties with an opportunity to attend a stakeholder meeting to discuss DSM Plan participation rates and marketing events. PGW will provide parties with sixty (60) days of advance notice of the meeting so that parties will have adequate time to plan to attend the meeting. Joint Petition ¶ 16(c). Additionally, PGW commits that at least three (3) months prior to filing a new DSM Plan, PGW would host a meeting with interest parties to present its proposal. Joint Petition ¶ 16(d). The OCA supports the meeting plan as an important avenue for it to stay informed about the progress and plans of DSM programming that will impact PGW's customers.

Finally, if PGW determines to file a new DSM Plan with the Commission in the future, it commits to a proposal for using unspent budgeted residential program DSM incentive funds from FY25-FY27 to deliver no-cost energy efficiency measures to especially vulnerable customers in the 151-200% FPL income tier, up to the amount of \$500,000 to fund these programs. Joint Petition ¶ 16(d)(1). PGW will offer the program as part of the next DSM plan until these funds are exhausted. *Id.* Eligibility criteria for qualification to receive funds will customers with a medical

certificate in the prior 6 months, customers with an active Protection from Abuse (“PFA”) order or court order issued by a court of competent jurisdiction providing clear evidence of domestic violence or households with senior citizens over age 65 or children under age 5. *Id.* The OCA supports these terms because they ensure that if PGW has excess DSM Plan funding, it will be targeted to assisting vulnerable customers who have a demonstrated need for assistance, thereby maximizing the cost-efficiency of program funding.

B. PGW’s Revised Budget (Settlement ¶ 17)

Paragraph 17 of the Settlement outlines PGW’s commitment to address the budgetary issues that OCA identified in this case. OCA witness Crandall recommended that “PGW should resubmit the budget to provide more detailed breakouts, including specifying incentive, administration, marketing, inspection, and evaluation costs.” OCA St. 1 at 5. As OCA witness Crandall explained, the Revised DSM IV Plan does not break out program budgets by functional category, and it fails to provide any detail about the activities that the budgets will cover. OCA St. 1 at 6-7. Ensuring that PGW breaks out the budget for each functional category is necessary to better enable a determination of whether each program budget is reasonable.

Through the Settlement, PGW has agreed that within 90 days of the final Commission approval, it will file a revised FY25-FY27 DSM Plan that will include a revised budget that will allocate administrative budgets to individual programs. Joint Petition ¶ 17. PGW’s revised budget will further honor witness Crandall’s recommendation in that it will be confined to only the Commission approved budget amount, and that it will include revisions to provide detailed breakouts for each of PGW’s individual DSM programs set forth on Tables 1 and 2 of PGW’s Revised DSM IV Plan (PGW Exhibit DA-1, p. 7). Joint Petition ¶ 17(a). Finally, PGW will revise Table 1 and Table 2 to provide for each of the program budgets to be broken out by functional

category, customer incentives, administration, marketing, technical assistance, inspections, and evaluation. Joint Petition ¶ 17(b).

The OCA supports these important terms because they will ensure that PGW's DSM IV Plan spending is defined, targeted, and identifiable for future review. As witness Crandall explained in his testimony, the detailed breakdowns that PGW has now agreed to provide as part of the Settlement are necessary to inform the determination of whether the budgets are reasonable and appropriate for the costs they are designed to recover. OCA St. 1 at 7. Because PGW will now provide the information necessary to facilitate an informed review of its programming budget, the OCA supports PGW's commitments.

C. Budgets for Future PGW DSM Proposals (Settlement ¶ 18)

In conjunction with its commitments to provide a revised DSM V budget, the Settlement requires PGW to provide more comprehensive and timely budget information as part of any future DSM filing it submits. More specifically, PGW has committed that future DSM Plans will include all of the budget breakout information identified in Paragraph 17 (as summarized above), but that it will also identify the activities that each budget will fund. Additionally, PGW will include the Excel worksheet that identifies PGW's budget calculation for each individual DSM program and for PGW's overall budget. Joint Petition ¶ 18. The provision of these items at the outset of any future filing was recommended by OCA witness Crandall because the materials are necessary to permit a full and timely evaluation of the budget and to ensure that a comprehensive record is available for the Commission's review as well. OCA St. 1 at 8-10. Because the Settlement commits PGW to providing essential budget information in a timely and comprehensive manner at the outset of any future DSM Plan filing, the OCA supports these terms.

D. Federal Funding Opportunities for PGW and its Customers (Settlement ¶ 19)

PGW's Settlement commitments to seek federal funding are derived from OCA witness Crandall's recommendation that identifies federal funding opportunities that may be made available to PGW through the Inflation Reduction Act (IRA). OCA St. 1 at 9. As an exhibit to his testimony, Mr. Crandall included an article from the U.S. Department of Energy which detailed the IRA's historic investment in modernization of the American energy system, including earmarking \$27 billion for greenhouse gas mitigation and providing an additional \$3 billion in grant funding to reduce inflation and to support communities with disproportionate energy burdens and pollution exposure. Exh. GCC-3 at 6. Witness Crandall recommended that PGW pursue funding through the IRA and any other available sources and that PGW report annually on its efforts and success in obtaining any funding. OCA St. 1 at 9-10.

Additionally, witness Crandall recommended that alongside its own efforts to pursue federal funding to maximize the cost-effectiveness of its DSM programming, PGW should also be required to perform outreach necessary to notify its customers about federally funded rebate opportunities they may seek directly. More specifically, as OCA witness Crandall indicated in his testimony, aside from providing potential funding to PGW, the IRA also provides rebate opportunities available to low to moderate income customers through the High-Efficiency and Electric Home Rebate Act (HEEHRA). OCA St. 1 at 10. HEEHRA is a voluntary program intended to assist low-income and moderate-income customers to save money on monthly energy bills through electrification projects. Specifically, HEEHRA would cover 100 percent of electrification projects costs, to a maximum of \$14,000 for low-income households and 50 percent of those costs up to the same maximum for moderate-income households. Qualifying projects could include heat pumps, HVAC systems, upgrading insulation, and more. *Id* at 11. Furthermore,

the IRA also provides the opportunity for a Home Energy Performance-Based, Whole-House Rebates(HOMES) energy rebate program from which homeowners can receive up to \$4,000 or 50% of the cost of a home retrofit that lowers energy consumption by 35%. *Id.* Both the HEEHRA and HOMES rebates are anticipated to become available to Pennsylvanians in mid-2024, which is squarely within both the as-filed DSM IV Plan and Revised DSM IV Plan terms. *Id.*

As part of the Settlement, PGW has made important commitments to seek federal funding that will enable it to maximize the Revised DSM IV Plan budget and that will inform customers of their opportunities to seek direct funding as well. Specifically, PGW will make reasonable efforts to meeting with representatives from the Pennsylvania Department of Environmental Protection to discuss how best to leverage federal funding and incentives that may become available through the IRA or other sources to expand and/or improve the program. Joint Petition ¶ 19(a). Additionally, if PA DEP agrees to it, parties to this case will be invited to attend the meeting. *Id.* PGW agrees to identify its efforts and the outcomes of those efforts in its first Annual Report for the Revised Phase IV DSM Plan. *Id.*

Additionally, PGW agrees to include information for all residential customers in three customer billing cycles, either through on-bill messaging or as a bill insert, about federal funding available to customers through rebates that they may pursue directly. Joint Petition ¶ 19(b). The information may include, but not be limited to, the rebate opportunities that will be available beginning in 2024 through the HEEHRA and the HOMES energy rebate program. *Id.* The information provided will be educational and it may include messaging identifying the possible availability of HEEHRA and HOMES rebate opportunities, providing a link for the DEP's website for more information, and providing information about existing tax credits for natural gas energy efficiency measures. *Id.* To the extent the equipment efficiency thresholds required to qualify for

rebates in the PGW Appliance Rebate Program are lower than the efficiency thresholds required to qualify for rebates in the HOMES programs in Pennsylvania, PGW agrees to update its marketing materials and its website with an appropriate disclosure to inform customers about the higher efficiency level required to qualify for rebates under both PGW's Program and the HOMES program. *Id.*

The OCA supports these important terms because seeking federal funding and advising customers of direct rebate opportunities is wholly consistent with PGW's stated DSM program goals of: (1) reducing customer bills; (2) maximizing customer value; and (3) helping the Commonwealth and the City of Philadelphia reduce greenhouse gas emissions and reduce PGW's overall carbon footprint. *See* PGW Exh. DA-1 at 4. PGW's commitment to pursuing federal funding is not only consistent with its DSM programming goals, but because pursuit of federal funding could also offset ratepayers' costs, it is in the public interest for PGW to diligently pursue available funding. The same rationale applies to PGW's commitments to educate customers about direct rebate opportunities under the terms of the Settlement, as empowering customers to lower gas use and costs is consistent with PGW's programming goals and it will also maximize PGW's DSM budget funds by empowering customers to avail themselves of outside funding. Additionally, PGW's agreement to be held accountable to identify its efforts and the status of such efforts as part of its annual reports will ensure that its efforts are tracked for evaluations.

E. Administrative Spending (Settlement ¶ 20)

As part of the Settlement, PGW has agreed to cap its administrative spending at 41% of the total program costs over the duration of the plan. Joint Petition ¶ 20. The spending cap was recommended by OSBA witness Vitulli, who testified that 41% is the spending ratio that now exists in PGW's current DSM Plan. OSBA St. 1 at 3. While the OCA did not submit testimony on

this issue, the OCA reviewed the spending cap term during settlement negotiations, and it finds the 41% cap to be a reasonable guardrail to control administrative costs.

F. Variant Refrigerant Flow Natural Gas Heat Pump Pilot Program (Settlement ¶ 21)

Pursuant to the settlement, PGW has agreed that it will implement its proposed variable refrigerant flow (“VRF”) natural gas heat pump proposal on a pilot basis under the Commercial Equipment Rebate program. Joint Petition ¶ 21. The OCA notes that the VRF Pilot Program is a compromise between PGW, and parties who opposed the VRF program, CAUSE-PA and OSBA. Although the OCA did not take a position on the VRF program in testimony, the OCA reviewed the related terms during settlement negotiations, and it finds that the compromise reached to be reasonable. Additionally, the OCA recognizes that because the Settlement terms will enable PGW to implement a limited VRF Pilot Program in a manner that will provide PGW and parties with important information about the outcome of the pilot for future evaluation, they will have value in the future as this technology continues to mature and is evaluated for inclusion on the future.

G. Annual Reporting (Settlement ¶ 22)

PGW will continue its Annual Reporting, and as part of that reporting, it has made Settlement commitments to track additional information. The information that will be added to reporting includes participation and marketing activities information for the Small Business Assessments and the Commercial Equipment Rebate programs. Joint Petition ¶ 22. From the OCA’s perspective, PGW’s Annual Reports are integral parts of evaluating the effectiveness of PGW’s DSM IV programming, especially in recognition that evolutions in law, policy, and/or economics may necessitate modifications of PGW’s DSM IV programming. *See* OCA St. 1 at 14. PGW’s commitment to continuing and refining its Annual Reports PGW will ensure that stakeholders are able to evaluate the effectiveness and efficiency of the Revised DSM IV Plan if

changes in law, policy, regulation, and the economy emerge and impact the assumptions that underlie PGW's DSM programming.

H. Low Income Rebate for Roof Insulation Program (Settlement ¶ 23)

Through the settlement, PGW has committed to notifying customers and contractors of the Low Income Rebate for Roof Insulation program. Notifications will include opportunities for additional project funding through coordination with community organizations, informational sessions with qualified contractors, and other means. PGW will provide a copy of the notifications to the parties to this proceeding. With customer consent, PGW will facilitate the sharing of project-specific information with other low income efficiency and home repair programs, with the recognition that PGW will use its best efforts to collaborate and that it must seek customer consent. Joint Petition ¶ 23.

While the OCA did not submit testimony on this issue, the OCA reviewed the Low Income Rebate for Roof Insulation during settlement negotiations and PGW's commitments are reasonable because they are intended to optimize assistance to low-income customers through program coordination that may increase customers' access to all available program funding.

I. Roof Insulation Rebate Program (Settlement ¶ 24)

Through the Settlement, PGW has made multiple commitments to increase the number of homes where air sealing occurs. Commitments include marketing and implementing the roof insulation rebate program as an insulation and air sealing rebate program and employing Building Performance Institute certified contractors to install insulation and air sealing. Joint Petition ¶ 24. The recommendations that underlie these terms originated from CAUSE-PA witness Grevatt who testified that measures such as adding insulation and making homes less drafty provide important benefits to customers. CAUSE-PA St. 1 at 29. While the OCA did not submit testimony on this

issue, the OCA reviewed the roof insulation and rebate program during settlement negotiations and concurs with CAUSE-PA that customers will benefit from the additional measures.

J. Low Income Smart Thermostat Program (Settlement ¶ 25)

The Settlement obliges PGW to increase its annual budget for the Low Income Smart Thermostat (LIST) Program to \$110,000 per year, while PGW's as-filed position would have limited the budget to between \$60,000-\$80,000 per plan year. *See* PGW Exh. DA-1 at 30; Joint Petition ¶ 25. The LIST program provides ENERGY STAR certified smart thermostats in the homes of eligible low-income customers at no cost. Including the installation. PGW Exh. DA-1 at 30. Although the OCA did not submit testimony regarding the LIST program, it nevertheless concurs with CAUSE-PA witness Jim Grevatt's testimony that the program appears to provide a tangible benefit to low income customers based on PGW's reporting. CAUSE-PA St. 1-SR at 9. Because providing low-income customers with an effective mechanism to control gas costs that they may not be able to afford provides a benefit not only to those customers, but also to other PGW customers who may otherwise have to absorb those costs, the OCA supports PGW's commitment to increase LIST funding.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

As explained more thoroughly under each respective term identified in Section II above, the OCA supports the Settlement and avers that in totality, it establishes PGW's proposed Revised DSM IV Plan is reasonable, cost-effective, and in the interests of the consumers who will be paying for the program through rates. The Settlement contains provisions targeted not only to ensuring that PGW's DSM IV Plan costs are prudent and will result in rates that are just and reasonable, but it also contains important guardrail provisions that will enable parties and the Commission to periodically evaluate the programming to ensure that the programming remains effective. As

modified by the terms of this Settlement, the OCA submits that PGW's Revised DSM IV Plan is consistent with applicable standards and in the interest of consumers.

IV. CONCLUSION

In this Settlement, the Company adopted virtually all of the OCA's recommendations for improving the Revised DSM IV Plan. The OCA submits that adoption of those recommendations should result in more cost-effective and efficient program to the benefit of consumers. The OCA further submits that this Settlement represents a reasonable and proper resolution of the issues identified in PGW's Revised DSM IV Plan proposal. In consideration of the various elements of the Settlement that have been described above, the OCA finds the Settlement to be in the public interest and in the interest of PGW customers. Accordingly, the OCA submits that the terms and conditions of the Settlement should be approved by the Commission without modification.

Respectfully Submitted,

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Dated: February 29, 2024

OSBA Statement C

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Philadelphia Gas Works for :
Approval of Demand Side Management Plan for :
FY 2024-2026 :
And : Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service :
and Energy Conservation Plan for 2014-2016 :
52 Pa. Code §62.4 – Request for Waivers :
:**

**OFFICE OF SMALL BUSINESS ADVOCATE
STATEMENT IN SUPPORT OF THE
JOINT PETITION**

I. Introduction

The Office of Small Business Advocate (“OSBA”) is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50) to represent the interests of small business consumers as a party in proceedings before the Pennsylvania Public Utility Commission (“Commission”).

II. Filing Background

Philadelphia Gas Works (“PGW” or “Company”) filed a Petition for Approval of Demand Side Management Plan for FY 2024-2026 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code §62.4 – Request for Waivers Docket No. P-2014-2459362 with the Pennsylvania Public Utility Commission (“Commission”) on June 16, 2023.

The OSBA filed a Notice of Intervention on July 10, 2023.

On July 27, 2023, with non-opposition of all parties, PGW filed a letter proposing to delay implementation of the Phase IV Plan and instead maintain its currently effective Phase III Plan until it receives Commission approval to implement the Phase IV Plan.

The case was assigned to Administrative Law (“ALJ”) Judge F. Joseph Brady. A prehearing conference was held on August 16, 2023, wherein a litigation schedule was established.

The following parties are the known active parties involved with PGW’s DSM filing: the OSBA; the Office of Consumer Advocate (“OCA”); the Bureau of Investigation and Enforcement (“I&E”); Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), through its counsel at the Pennsylvania Utility Law Project (“CAUSE-PA”), the Tenant Union Representative Network (“TURN”); and the Philadelphia Industrial and Commercial Users Group (“PICGUG”).

On September 27, 2023, PGW filed direct testimony and exhibits in support of its Revised DSM Phase IV Plan.

On November 9, 2023, the OSBA submitted the direct testimony of Angela Vitulli.

On January 11, 2024, the OSBA submitted the surrebuttal testimony of Ms. Vitulli.

Telephonic Evidentiary Hearings were schedule for January 17- 18, 2024.

Prior to the evidentiary hearings, the parties notified the ALJ that they had reached a settlement on many of the issues and that all parties waived cross examination on all issues. The parties continued negotiations and on February 14, 2024, Counsel for

the Company notified ALJ Brady that the parties had reached a full settlement of the issues.

The testimony of OSBA Witness Vitulli and other witnesses was submitted into the record by a Joint Stipulation filed with the Commission on February 20, 2024.

III. Summary of the OSBA's Principal Concerns

In its Complaint, Prehearing Memorandum, and testimony, the OSBA identified issues of concern, including the following:

1. Whether PGW's DSM should be continued as proposed in its June 16, 2023 filing;
2. The reasonableness and cost effectiveness of the programs.

Ultimately, following discovery and further review of the Company's revised filing and testimony, the OSBA took specific issue with the following:

1. The Company's proposed rebates for natural gas heat pumps;
2. The Company's proposed rebates for natural gas boilers and furnaces for new construction;
3. The Company's proposed administrative spending relative to portfolio costs;
4. The Company's lack of stated reporting metrics on plan implementation, including reporting on the small business program participation.

The OSBA has actively participated in the negotiations which led to the filing of the Joint Petition for Partial Settlement ("*Settlement*"). The *Settlement* is a compromise that does not meet all of the OSBA's objectives in this case. However, the OSBA is

satisfied that the *Settlement* is a reasonable resolution of the foregoing concerns and produces an overall outcome that is in the public interest of PGW’s small business customers. Therefore, the OSBA is a signatory to the *Settlement* and respectfully requests that the Commission approve the *Settlement* without modification.

IV. The Settlement

The *Settlement* addresses a comprehensive list of issues that were resolved through the negotiation process. This statement outlines the OSBA’s specific reasons for joining the *Settlement*. The following provisions were of particular significance to the OSBA in concluding that the *Settlement* is in the best interests of PGW’s small business customers.

A. Natural Gas Heat Pumps and Reporting

In the Company’s revised filing, PGW proposed rebates and “updated some incentive levels for measures and included a new measure, variable refrigerant glow (“VRF”) natural gas heat pumps...an emerging technology...that is relatively new to the market.”¹

As OSBA witness Ms. Vitulli testified “VRF heat pumps...are not a proven technology widely demonstrated to be efficient and cost effective.... DSM programs like EnergySense are “deployment” programs designed to achieve widespread market adoption of proven energy efficiency technologies, compared to pilot programs which are meant to gather evidence that a technology is reliable or economically viable.”²

In contrast with PGW’s revised filing, the *Settlement* limits PGW’s ability to offer VRF natural gas heat pump to a pilot program under the Commercial Equipment Rebate

¹ PGW St. No. 2, p. 10.

² OSBA St. No 1, p. 14-15

(“CER”) program.³ Pursuant to the Settlement, the number of units offered is limited to 18 units over the course of PGW’s Phase IV Plan, with an opportunity for participating customers to provide feedback on their experience.⁴ PGW commits to reporting on the results of the customer surveys will be in its annual report to the Public Utility Commission, which will allow the OSBA and other interested parties to understand how this technology is performing and customer experience with the technology. This information will benefit all of PGW’s consumers, including the Company’s small business customers, and the reporting will inform the Commission’s understanding of the maturity of the technology and market readiness to support adoption of the technology.

B. Natural Gas Boilers

PGW also proposed to offer rebates natural gas boilers in the its Phase IV DSM Plan.⁵ As OSBA witness Vitulli testified, model building energy code is moving towards an all-electric code for new construction. Considering that, and other factors including the average useful life of HVAC systems 15 to 20 years, it is unlikely that gas will be the most cost-effective fuel for space heating.⁶

The Settlement requires PGW to conduct a market baseline study prior to proposing a continuation of the plan to offer rebates for gas furnaces.⁷

C. Administrative Spending

PGW’s revised proposal for its Phase IV DSM had higher administrative costs relative to historical spending, and relative to typical administrative cost ratios.⁸

³ Settlement, Para. 21

⁴ Settlement, Para. 21 and 22.

⁵ PGW St. No. 2 at 9.

⁶ OSBA St. No 1 at 19.

⁷ Settlement, Para. 16b.

⁸ PGW St. No. 1, p. 5

As OSBA witness Vitulli testified, the administrative costs in the proposed plan represent a significantly larger proportion of portfolio costs than in the current plan, and that the costs are “neither reasonable nor fully explained.”⁹ Given PGW’s history of high administrative spending and low program uptake, along with the Company’s failure to provide a clear explanation for the increase in the admin-to-total cost ratio, Ms. Vitulli recommended the Commission impose a cap on administrative spending of 41% of incentive spending-the ratio from the previous plan.¹⁰

The Settlement caps the Company’s administrative spending at 41% of total program costs for the duration of the plan which is consistent with the OSBA’s recommendation.¹¹

C. Small Business Participation Reporting

In its Annual Report, PGW will report to the PUC and the Parties on:

- Small business participation in the Small Business Assessment (“SBA”) and CER programs,
- PGW’s marketing activities for the SBA and CER programs.

Specifically, the report will include the number of participants in each program, annual savings of each program, incentive payments made for each program, customer costs incurred under each program, and the costs and benefits of each program (TRC). The report will also include the ratio of small businesses to other commercial customers participating in the CER program.¹²

⁹ OSBA St. No. 1 at 13

¹⁰ OSBA St. No. 1, p. 14.

¹¹ Settlement, Para. 21.

¹² Settlement, Para 22.

V. **Conclusion**

For the reasons set forth in the *Settlement*, as well as the additional factors enumerated in this statement, the OSBA supports the proposed *Settlement* and respectfully requests that the ALJ and the Commission approve the *Settlement* in its entirety.

Respectfully submitted,

/s/ Sharon E. Webb

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Dated: February 29, 2024

CAUSE-PA Statement D

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works :
for Approval of Demand-Side Management : Docket No. P-2014-2459362
Plan for FY 2024-2026 :

**STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND
ENERGY EFFICIENCY IN PENNSYLVANIA IN SUPPORT OF THE JOINT
PETITION FOR SETTLEMENT**

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), a signatory party to the Joint Petition for Settlement (Joint Petition or Settlement), respectfully requests that the Pennsylvania Public Utility Commission (Commission) approve the proposed Settlement in this proceeding. CAUSE-PA asserts that the incremental progress achieved in this Settlement to serve PGW’s low income consumers represents a reasonable level of progress in light of the legal and procedural posture in this proceeding. For the reasons stated more fully below, CAUSE-PA asserts that the terms and conditions of the proposed Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to ensure that low income consumers have equitable access to Philadelphia Gas Works’ (PGW) proposed Demand Side Management Plan (DSM or Plan), which low income consumers contribute to through rates. (CAUSE-PA St. 1 at 13-14). While not subject to the energy efficiency and conservation program standards in Act 129,¹

¹ See 66 Pa. C.S. § 2806.1, et seq.

CAUSE-PA nevertheless asserts that PGW’s voluntary, rate-payer supported DSM programs must be just, reasonable, and in the public interest to be approved – and should align with the requirements of Act 129 to provide a proportionate level of efficiency benefits to low income consumers – *irrespective of a utility’s Low Income Usage Reduction Program (LIURP)*. (See CAUSE-PA St. 1 at 9-11).²

CAUSE-PA’s expert witness Jim Grevatt explained through testimony that, as originally proposed, PGW’s DSM was overly reliant on gas equipment rebates and that, in light of the market saturation of high efficiency gas equipment and the growing momentum toward clean energy, it is not reasonable for PGW to continue to promote high efficiency gas equipment by providing customer rebates. (CAUSE-PA St. 1 at 16-18). He recommended that the Commission order PGW eliminate its gas equipment rebates and focus on increased incentives for comprehensive building shell measures for low income households that are not otherwise eligible for PGW’s LIURP. (*Id.* at 29). As Mr. Grevatt explained, there is a tremendous need for comprehensive efficiency programming for PGW’s low income customers – which account for an estimated 37.7% of its customer base. (CAUSE-PA St. 1 at 12). Indeed, “low income customers already struggle to afford their monthly expenses and lack the funds to afford the upfront cost of energy efficiency measures.” (CAUSE-PA St. 1 at 21-22). Thus, Mr. Grevatt asserted that PGW’s DSM program should specifically target low income customers who are otherwise ineligible for LIURP. (CAUSE-PA St. 1 at 21-22).

² See 66 Pa. C.S. § 1301; 66 Pa. C.S. § 2806.1(b)(i)(G) (“The plan shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to the households’ share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. **The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58** (relating to residential low-income usage reduction programs).”).

Mr. Grevatt recommended that the Commission:

- Disallow gas combustion equipment measure rebates and incentives;
- Direct PGW to allocate the remaining gas combustion equipment measure budgets to no-cost roof insulation rebates for households with incomes below 200% of the federal poverty level (“FPL”), who are otherwise ineligible for LIURP;
- Direct PGW to retire the Residential Construction Grants (“RCG”) program effective January 1, 2025;
- Reject PGW’s proposed Energy Sense Kits program; and
- Approve PGW’s Smart Thermostat Marketplace and Low Income Smart Thermostat programs.

Mr. Grevatt also opposed PGW’s proposal that this phase of its DSM be approved as a five year plan and explained, “Energy market volatility and an increasing focus on decarbonization are driving rapid changes that may not be anticipated in this five-year Plan.” (*Id.* at 28).

The proposed Settlement is in the public interest in that it includes a number of provisions that will incrementally improve the availability of energy efficiency and conservation measures to low income consumers through PGW’s voluntary DSM, and sets forth steps to track, review, and improve upon these provisions in potential future phases of PGW’s DSM. While the Settlement does not adopt all of CAUSE-PA’s positions, it is an improvement over PGW’s originally proposed DSM. Importantly, the Settlement will avoid substantial costs to the parties, the Commission, and PGW’s ratepayers to fully litigate the issues in this proceeding – through and including the distinct possibility of lengthy appeals. The Settlement will also help ensure that these incremental improvements will be timely implemented, and creates a path for further improvements in PGW’s DSM programming if there is a subsequent Plan proposed for FY 2027

and beyond. For these reasons, and notwithstanding the fact that CAUSE-PA's positions were not fully adopted, we assert that the proposed Settlement strikes an appropriate balance of the many interests and should be approved.

II. BACKGROUND

CAUSE-PA adopts the background as set forth in paragraphs 1-10 of the Joint Petition. By way of further background, CAUSE-PA submitted the expert testimony of Mr. Jim Grevatt in this proceeding, analyzing the details of PGW's proposed Demand Side Management program plan and its alignment with applicable laws and important policy goals and objectives, and providing recommendations for adjustments to address identified issues. (CAUSE-PA St. 1).

Through testimony, Mr. Grevatt explained that PGW serves a substantial number of low income customers who are unable to afford utility service, and are in need of energy efficiency measures to help control their usage and, in turn, reduce their monthly electric bills. (CAUSE-PA St. 1 at 10-13). He explained that PGW's low income customers make up an estimated 37.7% of PGW's residential customer base, and face starkly disproportionate payment trouble and involuntary termination rates. PGW's low income customers pay for the DSM programs through rates, yet PGW includes only modest offerings in its proposed Plan to support low-income households to become more energy efficient. These offerings are inadequate to meet identified need and are not proportionate to the number of low income customers in PGW's service territory. Mr. Grevatt noted PGW's mandatory Low Income Usage Reduction Program (LIURP) is not a substitute for offering a proportionate level of programming through a DSM that is accessible to low income customers. (CAUSE-PA St. 1 at 10-11).³ Mr. Grevatt also recommended that the

³ See also 66 Pa. C.S. § 2806.1(b)(i)(G) ("The plan shall include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines. The number of measures shall be proportionate to the

Commission curtail PGW's reliance on equipment rebates, and order PGW to focus its program on comprehensive building shell measures that could improve overall building energy usage regardless of future heating type. (CAUSE-PA St. 1 at 16-18).

III. CAUSE-PA SUPPORT FOR THE SETTLEMENT

The following terms of the Settlement address the issues of concern raised by CAUSE-PA, as explained in Mr. Grevatt's testimony, and reflect a reasonably balanced compromise of the interests in this proceeding while preserving the parties' scarce resources. As explained in the section above, PGW's originally proposed DSM was overly reliant on natural gas rebates, lacked proportionate low income programming, and proposed to run for an extended period of time without review. The Settlement proposes to modestly improve low income programming and requirements for tracking, reporting, and stakeholder engagement designed to ensure that PGW makes additional incremental improvements to its low income DSM program offerings as part of any future DSM programming. Although this statement in support may not cite each and every provision of the Settlement, every provision related to Mr. Grevatt's testimony is material consideration to CAUSE-PA's entry into this Settlement. (See Joint Pet. at ¶ 29).

households' share of the total energy usage in the service territory. The electric distribution company shall coordinate measures under this clause with other programs administered by the commission or another Federal or State agency. **The expenditures of an electric distribution company under this clause shall be in addition to expenditures made under 52 Pa. Code Ch. 58 (relating to residential low-income usage reduction programs).**”). As Mr. Grevatt explained, LIURP has very specific eligibility criteria, and is only accessible to those with higher than average usage – which excludes many low income families who would could substantially reduce their energy usage – and their bills – through adoption of energy efficiency and conservation measures. (CAUSE-PA St. 1 at 17-18).

IV. TERMS AND CONDITIONS OF SETTLEMENT

1. Term of the DSM Phase IV Plan and future proposals.

As explained in the sections above, in his direct testimony, Mr. Grevatt explained that PGW's DSM program, as proposed, was overly reliant on gas rebates, did not provide sufficient support for comprehensive energy efficiency measures, and lacked proportionate low income programming. (See gen. CAUSE-PA St. 1). He recommended that the Commission order PGW to phase out gas equipment rebates by January 2025. (Id. at 17-18). He explained that the nation's energy systems are experiencing an extraordinary period of change and that energy market volatility and an increasing focus on decarbonization are driving rapid changes toward clean energy solutions on the federal, state, and local levels. (Id.). Thus, he explained, extending the programs to five years without further review risked running beyond the time when they will provide reasonable benefits for customers. (Id.). Based on these findings, he recommended the Commission reject PGW's request for a five-year Plan approval. (CAUSE-PA St. 1 at 28).

Under the Settlement, the Plan will be a three-year plan to be in effect from PGW's FY 2025 through FY 2027. (Joint Pet. at ¶ 16 a.). Further, prior to proposing a continuation of the Plan, if the Company proposes to offer equipment rebates for gas furnaces, PGW will conduct a market baseline study to determine the typical efficiencies of gas furnaces that are sold in PGW's service territory and the percentage of total of sales that occur at different efficiency levels. (Id. ¶ 16 b.). As part of any request for Plan continuation PGW will include updated cost-effectiveness results using actual market baseline efficiencies to determine the cost effectiveness of any proposed gas equipment rebates. (Id.) PGW will also hold a stakeholder meeting to discuss the DSM Plan participation rates and marketing events with all parties to this case and will host a

meeting with interested parties to present the Company's proposal at least three months in advance of filing. (Id. at ¶ 16 c.).

These terms will help ensure that the program will be subject to more frequent review, ensuring appropriate Commission oversight of PGW's DSM in the context of the rapidly evolving energy transition. These terms will also help to ensure that future proposals include evaluation of the continued effectiveness of gas equipment rebates, and that the parties have an opportunity to review and provide input into any future DSM proposal prior to filing. Thus, these terms are just, reasonable and in the public interest and should be approved by the Commission.

2. Special Needs customers.

In testimony, Mr. Grevatt also recommended that the Commission direct PGW to focus on supporting participation by the financially vulnerable customers that are otherwise ineligible for its LIURP programs – including low income households that do not meet the LIURP high usage threshold and those with income between 151-200% of federal poverty level (“FPL”). (CAUSE-PA St. 1 at 20-21). He explained that to effectively reach this economically vulnerable customer group, the rebates would need to be larger than PGW's proposed roof insulation and air sealing for low income customers. (Id.) He recommended that, instead of offering enhanced equipment rebates for customers at or below 150% FPL, PGW should provide installation of roof insulation and air sealing *at no cost* to customers whose household income is at or below 200% FPL. (Id.).

Under the terms of the Settlement, if PGW files a new DSM plan with the Commission, PGW will include a proposal for using unspent budgeted residential program DSM incentive funds from FY25-FY27 to deliver no-cost energy efficiency measures to especially vulnerable customers in the 151-200% FPL income tier, up to the amount of \$500,000 to fund these programs, and will

offer the program as part of the next DSM plan until these funds are exhausted. (Joint Pet. at ¶ 16 d. i.)

Inclusion of this provision in the Settlement will help ensure that future DSM proposals more adequately address the needs of economically vulnerable customers that pay for the program through rates but are otherwise unable to reasonably afford to participate in PGW's programs as currently designed. Thus, CAUSE-PA submits that this provision is just, reasonable and in the public interest and should be approved by the Commission.

3. Program budgets.

The Settlement also requires PGW to revise its proposed budget to allocate administrative costs to individual programs, with detailed breakouts by functional category, customer incentives, administration, marketing, technical assistance, inspections, and evaluation for each of PGW's individual DSM programs. (Joint Pet. at ¶ 17). Additionally, if PGW files a future program, it will provide further budget breakouts and details. (Joint Pet. at ¶ 18). This provision will help the parties better monitor and evaluate PGW's programs and spending to ensure the costs for each program are reasonable. Thus, these terms are just reasonable and in the public interest and should be approved.

4. Federal funding opportunities.

In testimony Mr. Grevatt explained that there is growing momentum for low-carbon energy solutions based on the combination of electrification and efficiency. (CAUSE-PA St. 1 at 17-18). He discussed the critical importance of focusing resources to improve building shell efficiency, including insulation and air sealing. Specifically, he referenced the federal Inflation Reduction Act ("IRA") which will provide significant financial incentives for low and moderate income households to replace existing gas equipment with high efficiency electric heat pumps and to

weatherize their homes. (Id.). He cautioned that gas equipment rebates from PGW would potentially compete with the IRA initiatives, which could cause confusion about what the most cost-effective low-carbon solutions are, and lead customers to miss the opportunity to update from inefficient older furnaces to high efficiency, low-emitting heat pumps using rebates provided by the IRA. (Id.). Thus, he concluded that it would not be a good use of ratepayer-funded program dollars for the Commission to approve PGW's proposal to continue its gas combustion equipment rebate measures. (Id.)

Under the Settlement, PGW will make reasonable efforts to have a meeting with the parties and representatives from the Pennsylvania Department of Environmental Protection to discuss how best to leverage federal funding and incentives that may become available through the Inflation Reduction Act or other sources to expand and/or improve the program. PGW will identify its efforts and the outcomes of those efforts in its first Annual Report for the Revised Phase IV DSM Plan. (Joint Pet. at ¶ 19 a.). PGW will also include information for all residential customers in three customer billing cycles, either through on-bill messaging or as a bill insert, about federal funding available to customers through rebates that they may pursue directly. To the extent the equipment efficiency thresholds required to qualify for rebates in the PGW Appliance Rebate Program are lower than the efficiency thresholds required to qualify for rebates in the HOMES programs in Pennsylvania, PGW will update its marketing materials and its website with an appropriate disclosure to inform customers about the higher efficiency level required to qualify for rebates under both PGW's Program and the HOMES program. (Id.).

These terms will help ensure that customers are provided with information about other sources of funding for home efficiency upgrades, allowing consumers to make a more informed decision about the appropriate programs for their energy efficiency and conservation needs. Thus,

these terms are just reasonable and in the public interest and should be approved by the Commission.

5. Program Coordination

In addition to Mr. Grevatt's recommendation that PGW focus its low income DSM programming on delivering roof insulation and air sealing rather than gas equipment rebates, he recommended that PGW coordinate closely with other programs available to Philadelphia residents, such as the Basic Systems Repair Program and Built to Last, so that their work can be combined with installation of new roofs and home repairs where needed. (CAUSE-PA St. 1 at 21-22).

Under the terms of the Settlement, PGW will notify its customers and contractors of the Low Income Rebate for Roof Insulation program, including opportunities for additional project funding through coordination with community organizations, informational sessions with qualified contractors, and other means. (Joint Pet. at ¶ 23). PGW will facilitate the sharing of project-specific information with other low income efficiency and home repair programs within the service territory. (*Id.*) PGW will also make best efforts to meet with other organizations to identify opportunities for collaboration, including through the Weatherization Assistance Program, LIHEAP Deferral Program, Philadelphia Basic Systems Repair Program, Philadelphia Energy Authority's Built to Last Program, Philadelphia's Whole Home Repair Fund, and PECO's Act 129 and LIURP programs. (*Id.*) PGW will include a single checkbox on its low-income DSM program applications asking the customer if they consent to allowing PGW to share information about their projects with other low-income energy efficiency and home repair programs within PGW's service territory. (*Id.*) If the customer consents, PGW will provide a list of leads to the related agencies that will identify the work completed and the customer's name, address, and email address (if

provided by the customer). (Id.). PGW will report on the outcomes of its coordination efforts in its annual DSM report. (Id.).

These terms of the Settlement increase the chances of coordination between PGW's DSM program and other organizations that provide energy efficiency and conservation services to low income customers, which may result in low income customers deriving a benefit. Thus, these terms are just, reasonable, and in the public interest and should be approved.

6. Roof Insulation and Air Sealing

In testimony, Mr. Grevatt supported the inclusion of roof insulation and air sealing in PGW's DSM plan. (CAUSE-PA St. 1 at 19-20). However, he pointed out that air sealing is not required in order to receive a roof insulation rebate and explained that insulating attic spaces without first air sealing the leakage of heated air from a home can exacerbate building moisture issues and lead to condensation on the under-side of the roof deck. (Id.). He also pointed out that PGW estimates that savings from projects which include air sealing will be double those that do not. (Id.). He recommended that the Commission direct PGW to incorporate air sealing by default wherever feasible and to increase the proposed rebate to make it appealing to customers. PGW estimates that savings from projects that include air sealing will be double those that do not. (Id.).

Under the terms of the Settlement, PGW will market and implement its roof insulation rebate program as a combined roof insulation and air sealing rebate program. Customers who do not want to pursue air sealing, or who find themselves unable to pursue air sealing, have the right to not have air sealing. Insulation and air sealing will be installed by Building Performance Institute ("BPI") certified contractors. For the purposes of this measure, air sealing shall be defined as sealing all reasonable accessible gaps and penetrations in an attic space in order to align the home's

top pressure boundary with the thermal boundary that will be created by the newly installed insulation, per building science best practice protocols established by the BPI).

This term will help increase the number of homes where air sealing occurs in conjunction with roof insulation jobs, which will help prevent property damage to customers' homes. Thus, this term is just, reasonable and in the public interest and should be approved.

7. Low Income Smart Thermostats

In testimony, Mr. Grevatt supported PGW's Low Income Smart Thermostat ("LIST") program. (CAUSE-PA St. 1 at 26). He explained that smart thermostats can help customers better manage their gas use, and PGW's LIST appears to make it easier for qualifying customers to take advantage of these technologies. (Id.).

Under the terms of the Settlement, PGW will increase its annual budget for the LIST program to \$110,000 per year and if the amounts budgeted for the Residential Construction Grants ("RCG") program or EnergySense Kits ("ESK") program are not fully spent at the end of each program year, PGW will reallocate 25% of any unspent funds from these programs to support LIST in the following year. (Joint Pet. at ¶ 25).

This modest increase to funding for smart thermostats for low income customers will help improve low income customers access to this important technology, which they are unlikely to afford on their own and which will help them monitor and control their usage. As such, this term of the Settlement is just, reasonable, and in the public interest and should be approved by the Commission.

8. Other Considerations for Settlement.

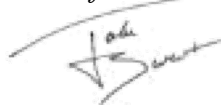
Of critical importance, the Settlement avoids the potential for protracted litigation and possible appeal at great expense to all the parties, PGW ratepayers, and the Commission. (Joint

Pet. at ¶ 27). At the same time, the Settlement explicitly preserves the rights of the parties to further their original positions in future litigation. (*Id.* at ¶ 29). The reduced time between his Settlement and the end of PGW’s proposed DSM, and the other factors discussed throughout, we believe that achieving incremental improvements in this proceeding that can be built upon in the next proceeding is a reasonable and prudent course of action that will conserve the scarce resources of the parties, the Commission, and PGW ratepayers.

IV. CONCLUSION

CAUSE-PA submits that the proposed Settlement, which was achieved by the Joint Petitioners after an investigation of PGW’s filing and the exchange of expert testimony, is in the public interest, and should be approved. Acceptance of the Settlement avoids the necessity of further administrative and possibly appellate proceedings regarding the settled issues at what would have been a substantial cost to the Joint Petitioners, the Commission, and PGW’s customers. Accordingly, CAUSE-PA respectfully requests that the Commission approve the Settlement.

Respectfully submitted,
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February 29, 2024

TURN
Statement E

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2024-2026	:	
	:	Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service	:	
and Energy Conservation Plan for 2014-2016	:	
52 Pa Code § 62.4 — Request for Waivers	:	

**STATEMENT OF TENANT UNION REPRESENTATIVE NETWORK
IN SUPPORT OF THE JOINT PETITION FOR SETTLEMENT**

I. Introduction

On June 16, 2023, Philadelphia Gas Works (PGW) filed a voluntary, ratepayer supported Demand-Side Management Program (DSM) Implementation Plan for Fiscal Years 2024-2026 (hereinafter, Proposed DSM Plan). PGW filed this Proposed DSM Plan at its 2014 Docket (captioned above), through which PGW’s prior DSM Plans for 2016-2020 and 2021-2023 were reviewed and approved. Tenant Union Representative Network petitioned to intervene in the proceeding on July 26, 2023. Administrative Law Judge F. Joseph Brady approved the Petition at the Prehearing Conference on August 16, 2023, and issued a Prehearing Order establishing the procedural schedule.

Consistent with the procedural schedule, PGW filed its direct testimony and accompanying exhibits on September 27, 2023. OCA, OSBA and CAUSE-PA then filed direct testimony on November 13, 2023. PGW filed rebuttal testimony on November 13, 2023, and OCA, OSBA and CAUSE-PA filed surrebuttal testimony on January 11, 2024. All parties agreed to waive cross examination of party witnesses and the evidentiary hearings were canceled. The

parties engaged in a concerted exchange of settlement proposals and were ultimately able to reach an agreement proposing settlement.

As set forth in the paragraphs below, TURN identifies those provisions of the settlement that are of most interest to its members as the basis for its entry into the Settlement. TURN's Statement in Support is not intended to describe all components of the Settlement. However, pursuant to the terms of the Joint Petition, TURN notes that each and every provision of the Joint Petition constitutes material consideration for its, and the other parties', entry into the proposed Settlement. Joint Petition at ¶29.

II. Settlement

1. Length of Program

The length of the DSM IV has been shortened from PGW's initially proposed five years to an agreed upon three. Joint Petition ¶16(a). Due to the fast pace of change and emerging technologies in the energy sector, TURN supports this change. The shortened duration creates the opportunity for more frequent review to better respond to industry changes.

2. Market Baseline Study

PGW has agreed to complete a market baseline study if it intends to propose equipment rebates for gas furnaces in future DSM programs. Joint Petition ¶16(b). TURN supports this effort to determine the cost-effectiveness of proposed gas equipment rebates based on the results of this study.

3. Planning for Future DSM Programs

The Proposed Settlement provides that, if PGW files a new DSM plan, it will include a proposal to utilize unspent funds of up to \$500,000 from the FY25-FY27 program to deliver no-cost energy efficiency measures for vulnerable households in the 151-200% FPL tier. Joint

Petition ¶16(d)(i). TURN supports this proposed measure because vulnerable households within the 151-200% FPL range face particular challenges to accessing programs and benefits that can help them afford utility service and reduce energy usage.

4. Increased Efforts to Collaborate

The settlement includes increased goals for collaboration with other organizations in the weatherization space as well as increased meetings with stakeholders. Joint Petition ¶¶16(d), 19(a), 23(a). TURN submits that increased stakeholder meetings and collaboration among organizations providing home repairs and weatherization services are important ways to maximize the use of funds available from multiple streams to achieve lasting reduction in energy demands in Philadelphia and so supports these settlement terms.

5. Increased Advertising of Other Rebate Opportunities

PGW has agreed to provide information to residential customers over three billing cycles about federal home energy rebate funding that customers may be able to pursue directly. Joint Petition at ¶19(b). TURN supports this Settlement Term as it appears to be a cost-effective way to provide consumer education regarding access to once-in-a-generation federal efficiency rebate funding that could benefit PGW customers for decades.

6. VRF Heat Pump Pilot

A compromise has been reached to allow PGW to offer a limited number of variable refrigerant flow (VRF) natural gas heat pumps as a pilot program under PGW's Commercial Equipment Rebate (CER) program. PGW will also develop a survey among pilot participants, with input from OSBA, and provide survey results in its annual report. Joint Petition at ¶21. TURN submits that the limited scope pilot reflects significant compromise and does not oppose its inclusion in the context of the overall settlement reached.

7. Low Income Rebate for Roof Insulation and Increased Utilization of Air Sealing

PGW has agreed to notify customers and contractors of the Low Income Rebate for Roof Insulation program, including opportunities for additional project funding opportunities. When agreed to by the customer, PGW will also facilitate sharing of project-specific information with other low-income energy efficiency and home repair program providers. PGW will report on the outcome of its coordination efforts. Joint Petition at ¶23. Relatedly, PGW has agreed to market and implement its roof insulation and air sealing rebates as a single combined program. This is a meaningful effort to help increase the amount of air sealing that will occur in keeping with the best building practices. Joint Petition at ¶24. TURN supports roof insulation and air-sealing provisions of the Joint Petition as they are well-intended efforts to increase access to insulation that is typically lacking in Philadelphia rowhomes, the most prevalent affordable housing stock, and reasonably targeted to combine the availability of frequently associated insulation and air sealing measures.

8. Increased Budget for LIST

PGW has agreed to increase the budget for the Low-Income Smart Thermostat (LIST) program \$110,000 per year with the added possibility of reallocation of additional unspent funds from the Residential Construction Grants and EnergySense Kits programs eight months into each program year. Joint Petition at ¶25. PGW's original LIST proposal was for \$230,000 across three years of the program. Proposed DSM Plan at 27. TURN supports the increased budget included in the settlement. The LIST program gives low-income customers a chance to reduce their usage via the complete installation of a smart thermostat. This is the main program to benefit low-income customers in this DSM. Increasing the budget by \$100,000 across the three-year program

and determining that it will be the recipient of other component programs unspent funds is an effective way to increase the number of customers that can benefit from this program.

III. Public Interest Considerations

The Joint Petition reflects concerted efforts by all parties to find common ground and reasonable compromise. As discussed above, the Joint Petition includes important improvements for low-income customers, an improved timeline for the program, and more flexible funding allocations. All of these provisions are in the public interest and should be approved. TURN submits that approval of the Joint Petition provides the additional benefits of avoiding the time, cost and burden of litigation. Furthermore, approval of the Joint Petition is a reasonable resolution, consistent with Commission policy in encouraging negotiated settlements. Joint Petition at ¶27.

IV. Conclusion

For all the forgoing reasons, TURN submits that the Joint Petition, and the settlement terms set forth therein, should be approved by the Commission.

Respectfully submitted,

/s/ Daniela Rakhlina-Powsner

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