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March 2, 2021

**Via Electronic Filing**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for  
FY 2021-2023

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

Sincerely

*/s/ Lauren M. Burge*

Lauren M. Burge, Esq.

LMB/lww

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

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*Lauren M. Burge*

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Lauren M. Burge, Esq.

Dated: March 2, 2021

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2016-2020	:	
	:	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	:	

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**JOINT PETITION FOR SETTLEMENT**

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Dated: March 2, 2021

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**Exhibits and Statements**

Exhibit 1                      Statements in Support of Joint Petition for Settlement

   Statement A – Statement in Support of Joint Petition for Settlement of  
   Philadelphia Gas Works

   Statement B – Statement in Support of Joint Petition for Settlement of the  
   Office of Consumer Advocate

   Statement C – Statement in Support of Joint Petition for Settlement of the  
   Coalition for Affordable Utility Services and Energy  
   Efficiency in Pennsylvania

**TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:**

Philadelphia Gas Works (“PGW” or the “Company”), the Office of Consumer Advocate (“OCA”), and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), (collectively, the “Joint Petitioners”), with the Office of Small Business Advocate (“OSBA”), the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”), and Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN, *et al.*”) 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 on or before the Commission’s June 17, 2021 public meeting. Upon final Commission Order, PGW proposes to submit a Revised EnergySense Demand Side Management Portfolio Implementation Plan, Fiscal Years 2021-2023 in compliance with the Commission’s final order.

The request for a final order on or before the June 17, 2021 public meeting is to permit PGW sufficient time to put all plan modifications into effect in FY2022, which begins in September 2021, as required by the Settlement. It is important for PGW to have certainty on these items by mid-June so that the Company can issue a Request for Proposals (“RFP”) to implement the low-income smart thermostat program, and to incorporate the agreed-to increased rebate incentives to low-income customers into its website and marketing materials.

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

## **I. BACKGROUND**

1. On May 7, 2020, PGW filed its Demand Side Management (“DSM”) Implementation Plan for Fiscal Years 2021-2023 (“Implementation Plan”). The Implementation Plan described program budgets and implementation details that PGW will follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2020 to August 31, 2023.

2. 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.

3. Notices of Intervention or Petitions to Intervene were filed in this proceeding by OCA, OSBA, CAUSE-PA, TURN *et al.*, and PICGUG.

4. On September 10, 2020, a prehearing conference was held before ALJ Brady and a schedule was established for the submission of testimony and evidentiary hearings.

5. On October 23, 2020, PGW filed direct testimony and accompanying exhibits in support of its DSM Implementation Plan.

6. On December 22, 2020, CAUSE-PA filed direct testimony and accompanying exhibits. No other parties submitted direct testimony.

7. On January 21, 2021, PGW filed rebuttal testimony. No other parties submitted rebuttal testimony.

8. On February 4, 2021, CAUSE-PA filed surrebuttal testimony. No other parties submitted surrebuttal testimony.

9. 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.

10. On February 9, 2021, the parties advised ALJ Brady that a settlement of all issues had been reached. The hearing scheduled for February 10, 2021 was cancelled at that time.

## **II. TERMS AND CONDITIONS OF SETTLEMENT**

11. The Joint Petitioners hereby respectfully request that PGW's Implementation Plan for Fiscal Years 2021-2023 be approved as filed with the following modifications:

12. PGW will convene a stakeholder meeting to allow stakeholders to discuss implementation concerns related to the COVID-19 pandemic.

13. PGW will provide self-identified low-income customers with a smart thermostat at no cost, with the program starting on or before six months after entry of a PUC Order approving this settlement, as follows:

- (a) PGW will select a vendor(s) to provide and install smart thermostats to low-income customers at no cost. The vendor(s) would be required to qualify program participants for income and program eligibility, and perform outreach to underserved populations, including those for whom English is not the primary language where possible. The vendor will also be required to provide education regarding how to use the smart thermostat and how to achieve savings using the smart thermostat at the time of installation. PGW will select a vendor(s) that is able to provide the most thermostats to low-income customers for the budget allocated.

(b) PGW will allocate an annual budget of at least \$60,000 per year (i.e. 12-month period) for the program, which would be subtracted from the Residential Equipment Rebate Program within the existing overall budget cap (\$2,115,934 for FY2021-2023). PGW expects the program to serve between 363 to 600 customers, depending on the cost of the thermostats and whether the units are installed by the vendor or customer. The table below shows two realistic scenarios:

<b>Thermostat Cost</b>	<b>Installation &amp; Admin. Cost</b>	<b>Participation</b>	<b>Total Budget</b>
\$100	\$0	600	\$60,000
\$100	\$65	363	\$60,000

(c) PGW will report on participation in its low-income smart thermostat program in its Annual Reports filed in this docket.

14. Incentive spending for the Commercial Equipment Rebate (“CER”) Program shall be below 55% of the Total Resource Cost (“TRC”) for the FY2021 to FY2023 period. PGW will report on this statistic in the FY2023 Annual Report.

15. PGW will continue to endeavor to provide DSM plan benefits in the Commercial Equipment Rebate Program to small business customers that are reasonably commensurate to small businesses’ share of GS-Commercial Class load. PGW will provide separate reporting on actual small business participation in the Commercial Equipment Rebate Program with respect to the number of participants, annual savings, incentive payments, customer costs, and TRC costs/benefits. Pursuant to PGW’s tariff, a “small business” is “a person, sole proprietorship, partnership, corporation, association or other business whose annual gas consumption does not exceed 300 Mcf.”



16. Total utility spending for the Commercial Equipment Rebate Program for the cumulative FY2021 to FY2023 period shall not exceed the budget shown in Table 1 of the DSM Implementation Plan (\$1,059,734) by more than 15%.

17. PGW will provide increased incentive to low-income customers who have been enrolled in PGW’s Customer Responsibility Program (“CRP”) within the last year, have received a Utility Emergency Services Fund (“UESF”) grant within the last year, or have received a LIHEAP grant and assigned it to PGW within the last year, including for nonprofits and affordable housing agencies installing these units in the homes of low-income customers. This incentive tier will be added in September 2021. PGW will not perform income verification as part of its Residential Equipment Rebate (“RER”) Program.

PGW will award this incentive tier for the first 400 pieces of equipment to be approved per fiscal year. PGW will report on low-income rebate participation in its Annual Reports filed in this docket.

<b>Equipment</b>	<b>Incentive</b>	<b>Incentive - CRP &amp; LIHEAP Customers</b>	<b>Incremental Cost</b>	<b>Market Rate – Rebate as % of Incremental Cost</b>	<b>Low Income – Rebate as % of Incremental Cost</b>
Residential Furnace – Initial Unit	\$350	\$700	\$718	49%	98%
Furnace – Additional Unit	\$250	\$250	\$718	35%	35%
Residential Boiler – Initial Unit	\$900	\$1,225	\$1,234	73%	99%
Residential Boiler – Additional Unit	\$700	\$700	\$1,234	57%	57%
Combi Boiler – First Unit	\$1,500	\$1,800	\$3,014	50%	60%
Combi Boiler – Additional Unit	\$900	\$900	\$3,014	30%	30%
Tankless Water Heater	\$350	\$625	\$627	56%	100%

18. In its Annual Reports, PGW agrees to report on the following data points regarding the low-income smart thermostat program and the enhanced rebate programs:

- (a) The number of self-installed thermostats;
- (b) The number of vendor-installed thermostats;
- (c) The number of enhanced rebates provided for each piece of equipment; and
- (d) The housing agencies with which PGW coordinated and the number of measures coordinated.

19. At least three (3) months in advance of filing an extension of its current DSM plan, a revised DSM plan, or a new DSM or energy efficiency and conservation plan, PGW will host a collaborative meeting with interested parties to review participation rates and discuss changes to its DSM low-income programming. All parties agree to engage in communications in good faith.

- (a) As part of the collaborative meeting, PGW will informally provide the zip code for each customer who receives a measure through the smart thermostat or enhanced rebate program.

### **III. THE SETTLEMENT IS IN THE PUBLIC INTEREST**

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

21. 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**

22. 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.

23. 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.

24. 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.

25. 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.

26. 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 17, 2021 public meeting to enable PGW to implement the agreed-to commitments on the timeframe proposed in the settlement.

Respectfully submitted,



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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 17, 2021 public meeting to enable PGW to implement the agreed-to commitments on the timeframe proposed in the settlement.

Respectfully submitted,

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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 17, 2021 public meeting to enable PGW to implement the agreed-to commitments on the timeframe proposed in the settlement.

Respectfully submitted,

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# Exhibit 1



# Statement A

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2016-2020	:	
	:	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	:	

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

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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”) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”). Additionally, the Office of Small Business Advocate (“OSBA”), the Philadelphia Industrial and Commercial Gas Users Group (“PICGUG”), and the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN, *et al.*”) do not oppose the Settlement.<sup>1</sup>

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<sup>1</sup> See Joint Petition at 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 Demand Side Management (“DSM”) Program as described in the DSM Implementation Plan for Fiscal Years 2021-2023 (“Implementation Plan”). By continuing these programs, PGW will continue supporting the deployment of high efficiency natural gas equipment in order to provide PGW customers with reductions in gas usage and associated costs, as well as supporting conservation and load management efforts in Philadelphia. The Settlement terms provide additional benefits specific to low-income customers, as well as addressing concerns related to participation by small business customers. The Settlement was reached after the submission of testimony and after a series of negotiations concerning the issues raised by the Implementation Plan. It therefore represents a reasonable resolution of this proceeding, is in the public interest and should be approved expeditiously and without modification.<sup>2</sup>

## **I. BACKGROUND**

On May 7, 2020, PGW filed its voluntary Demand Side Management Implementation Plan for Fiscal Years 2021-2023.<sup>3</sup> The Implementation Plan described program budgets and implementation details that PGW will follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2020 to August 31, 2023. This filing was made in

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<sup>2</sup> See Joint Petition at ¶¶ 20-21.

<sup>3</sup> 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.

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 FY2020 through ongoing triennial update filings. The Implementation Plan became effective as of September 1, 2020. This proceeding was assigned to Administrative Law Judge F. Joseph Brady for hearings and issuance of a Recommended Decision.

Formal and informal discovery was conducted during this proceeding. PGW submitted direct and rebuttal testimonies, and CAUSE-PA submitted direct and surrebuttal testimonies. None of the other parties submitted testimony. The active parties also engaged in discussions 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 a Settlement on all issues as set forth in the Joint Petition. The evidentiary hearing scheduled for February 10, 2021 was canceled after the parties reported that a full settlement had been achieved.

## **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.<sup>4</sup> Settlements eliminate the time, effort and expense the parties must expend litigating a case and at the same time conserves 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

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<sup>4</sup> See 52 Pa. Code § 5.231.

settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.<sup>5</sup>

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.<sup>6</sup> 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.<sup>7</sup>

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.<sup>8</sup> In their supporting statements, the Joint 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.

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<sup>5</sup> 52 Pa. Code § 69.401.

<sup>6</sup> 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.

<sup>7</sup> *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.

<sup>8</sup> 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.

## **B. Low-Income Programming**

In addition to PGW's robust Universal Service and Energy Conservation Plan ("USECP") which includes a significantly funded weather conservation programs for low income customers<sup>9</sup> and which is considered in PGW's Universal Service Plan proceeding, as well as changes included in the originally filed Implementation Plan which would increase incentives among all customers, including low-income customers,<sup>10</sup> PGW has voluntarily agreed as part of the Settlement to provide additional benefits specific to low-income customers as part of its voluntary DSM Program.<sup>11</sup> These benefits will provide free smart thermostats to low-income customers, as well as increased incentive rebates for low-income customers installing certain energy efficient equipment in their homes. The Settlement also provides for additional reporting on low-income participation in these programs as part of PGW's Annual Reports regarding the DSM Program.

Under the Settlement, PGW will provide low-income customers with a smart thermostat at no cost.<sup>12</sup> In implementing this program, PGW will work with one or more vendors to determine participant eligibility and conduct outreach to underserved populations, including those for whom English is not the primary language when possible.<sup>13</sup> When installing the thermostat, the vendor(s) will also educate customers on how to use the smart thermostat and how to achieve savings using

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<sup>9</sup> See PGW St. No. 1-R at 4-8.

<sup>10</sup> PGW's new programs are being made available to low-income customers. A goal of PGW's marketing strategy for DSM has been to increase awareness of available incentives across the full spectrum of PGW classes and the move toward a more prescriptive model for DSM to increase access to incentives among all customers, including low-income homeowners and affordable housing providers. See PGW St. No. 1-R at 26-27.

<sup>11</sup> As more fully explained in the Rebuttal 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-R at 11-16.

<sup>12</sup> Joint Petition at ¶ 13.

<sup>13</sup> Joint Petition at ¶ 13(a).

the thermostat.<sup>14</sup> The \$60,000 annual budget for this program will be part of the existing overall budget for the Residential Equipment Rebate Program.<sup>15</sup> PGW anticipates serving between 363 to 600 customers, depending on the cost of the thermostats and whether the thermostat is installed by the vendor or the individual customer.<sup>16</sup>

The Settlement also provides for low-income customers to be provided with higher rebate incentives to replace certain equipment in their homes with more efficient units.<sup>17</sup> Customers eligible for these increased incentives include those have been enrolled with PGW’s Customer Responsibility Program (“CRP”) within the last year, have received a Utility Emergency Services Fund (“UESF”) grant in the last year, or have received LIHEAP funds that have been assigned to PGW within the last year.<sup>18</sup> This program will also include nonprofits and affordable housing agencies that are installing these units in the homes of low-income customers.<sup>19</sup> PGW will award the increased incentives for the first 400 pieces of equipment to be approved per year, and eligible equipment includes residential furnaces, residential boilers, combi-boilers, and tankless water heaters.<sup>20</sup> The table included in Paragraph 17 of the Joint Petition describes the enhanced rebate incentives available to low-income customers, which in some instances covers an amount equal to or near 100% of the unit’s incremental cost.

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<sup>14</sup> *Id.*

<sup>15</sup> Joint Petition at ¶ 13(b).

<sup>16</sup> *Id.*

<sup>17</sup> Joint Petition at ¶ 17.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

As part of the Settlement, PGW will provide reporting on participation in the low-income thermostat program and low-income equipment rebates as part of its Annual Reports, including a variety of specific data points.<sup>21</sup> Three months prior to filing any extension, revision or new DSM Plan, PGW will hold a collaborative to discuss participation rates in these programs and potential modifications, as well as provide additional data regarding customer participation.<sup>22</sup> PGW will also convene a stakeholder meeting to discuss implementation concerns related to the COVID-19 pandemic.<sup>23</sup>

PGW submits that these 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 to help them conserve energy and better manage their natural gas bills.

### **C. Small Business Participation**

The Settlement also includes terms related to small business participation in the DSM programming. Through the Settlement, PGW committed to maintaining incentive spending for the Commercial Equipment Rebate (“CER”) Program below 55% of the Total Resource Cost during FY 2021-2023, and will report on this in its FY 2023 Annual Report.<sup>24</sup> PGW will also work to provide CER benefits to small business customers that are reasonably commensurate to small businesses’ share of the GS-Commercial Class load.<sup>25</sup> The Annual Reports will also provide

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<sup>21</sup> Joint Petition at ¶¶ 13(c); 17; 18.

<sup>22</sup> Joint Petition at ¶ 19.

<sup>23</sup> Joint Petition at ¶ 12.

<sup>24</sup> Joint Petition at ¶ 14.

<sup>25</sup> Joint Petition at ¶ 15.



data on small business participation in the CER Program.<sup>26</sup> Finally, total spending on the CER Program in FY 2021 to FY 2023 will not exceed its budget by more than 15%.<sup>27</sup>

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 that budgets for these programs are appropriately maintained.

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<sup>26</sup> *Id.*

<sup>27</sup> Joint Petition at ¶ 16.

### 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 originally submitted 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,



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Dated: March 2, 2021

*Counsel for Philadelphia Gas Works*

# Statement B

**STATEMENT B**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works :  
For Approval of Demand-Side Management :  
Plan for FY 2021-2023 :  
: 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 :

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STATEMENT  
OF THE  
OFFICE OF CONSUMER ADVOCATE  
IN SUPPORT OF SETTLEMENT

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The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest for the following reasons:

**I. INTRODUCTION**

On May 7, 2020, Philadelphia Gas Works (PGW or Company) filed its Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan (DSM) for FY 2021-2023 (Implementation Plan). On July 29, 2010 Phase I of the Company’s DSM program was approved for the five-year period ending August 31, 2015 as a part of the settlement of its base rate proceeding at Docket Nos. R-2009-2139884 and P-2009-2097639. On December 23, 2014, PGW filed a Petition for Approval of Demand Side Management Plan 2016-2020, referred to as DSM Phase II, which the Commission entered a final opinion and order on November 1, 2016 at

Docket No. P-2014-2459362 that approved the continuation of the DSM programs from FY 2017 – FY 2020.

On June 5, 2020, the OCA filed its Notice of Intervention and Public Statement in the current matter. Following the OCA's intervention, the OCA and PGW have engaged in several collaborative discussions and have also engaged in an informal discovery call on July 23, 2020. The OCA was assisted in its review of PGW's DSM Plan by Geoffrey Crandall.<sup>1</sup>

On September 1, 2020, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Public Statement. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network (TURN) and the Action Alliance of Senior Citizens of Greater Philadelphia (Action Alliance) (collectively TURN, *et al.*) both filed a Petition to Intervene on September 2, 2020 and September 3, 2020, respectively.

The filing was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge F. Joseph Brady (ALJ Brady) for investigation. On August 31, 2020, ALJ Brady issued a Prehearing Conference Order. A Prehearing Conference was held on September 10, 2020, and a procedural schedule was established. On October 23, 2020, PGW submitted Direct Testimony. On December 22, 2020, CAUSE-PA submitted its Direct Testimony. On January 21, 2021, PGW submitted Rebuttal Testimony, and on February 4, 2021, PGW submitted Surrebuttal Testimony. The OCA did not submit testimony in the proceeding, but the OCA actively participated in numerous informal discovery sessions with the parties.

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<sup>1</sup> 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 40 years of experience in utility regulatory issues, including energy efficiency, conservation and load management resource program design and implementation, resource planning, restructuring, mergers, 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.

The Joint Petitioners engaged in numerous settlement discussions, which resulted in this Joint Petition for Settlement. After the conclusion of the extensive settlement discussions, the parties informed ALJ Brady that a settlement had been reached, and the hearings scheduled for February 10, 2021 were canceled. The Settlement provides for approval of PGW's DSM Plan with certain modifications including a no-cost low-income Smart Thermostat program and increased equipment rebate incentives for low-income customers. In addition to the low-income Settlement provisions, the Settlement also modifies the Commercial Equipment Rebate program. For the reasons discussed below, the OCA submits that the Settlement is in the public interest and should be adopted.

## II. SETTLEMENT

### A. Low-Income Customer Programs (Settlement at ¶¶ 13, 17-19)

In its Phase IV Implementation Order, the Commission required the electric Act 129 programs to meet a low-income program savings targets. See, Energy Efficiency and Conservation Program, Docket No. M-2020-3015228, Order at 35-37 (June 18, 2020) (Phase IV Implementation Order). PGW's as-filed voluntary DSM Plan did not include similar measures targeted towards low-income customers. The Settlement will add programs directed towards helping low-income customers to achieve savings under the DSM Plan. Specifically, the Settlement will add a low-income Smart Thermostat program, and as part of its Residential Equipment Rebate program, the Company will also provide increased equipment incentives to the first 400 pieces of equipment each fiscal year for low-income customers that are enrolled in PGW's Customer Assistance Program, the Customer Responsibility Program or have directed a Low Income Home Energy Assistance Program (LIHEAP) grant to PGW in the last year. Settlement at ¶¶ 13, 17.

PGW's DSM Plan proposed to offer a Smart Thermostat program to provide discounted smart thermostats to residential customers. Plan at 6-7. The Settlement will add a low-income component to the Smart Thermostat program to "provide self-identified low-income customers with a smart thermostat, at no cost." Settlement at ¶ 13. Under the program, PGW will select a vendor that will install the smart thermostats at no cost; will qualify the program participants and will perform outreach to "underserved populations, including those for whom English is not the primary language where possible." Settlement at ¶ 13(a). The vendor will also provide important education to customers about how to use the smart thermostat and how to achieve savings using the smart thermostat at the time of installation. Settlement at ¶ 13(a).

For the low-income component of the Smart Thermostat program, PGW proposes a budget of \$60,000 per year that will be subtracted from the Residential Equipment Rebate program budget of \$2,115,934 for FY2021-2023. Settlement at ¶ 13(b). PGW anticipates that it will be able serve between 363 to 600 customers, depending on the cost of the thermostats and whether the units are installed by the vendor or the customer. Settlement at ¶ 13(b). The Company will also report on customer participation in the program in its Annual Reports and include the following information: (a) the number of self-installed thermostats;<sup>2</sup> (b) the number of vendor-installed thermostats; (c) the number of enhanced rebates provided for each piece of equipment; and (d) the housing agencies with which PGW coordinated and the number of measures coordinated. Settlement at ¶¶ 13(c), 18.

In addition to the Smart Thermostat program, the Settlement will also include enhanced incentives for the Residential Equipment Rebate program for the first 400 pieces of equipment for CRP customers or LIHEAP recipients. Settlement at ¶ 18. The increased incentives will include

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<sup>2</sup> Although the vendor will agree to install the thermostats, customers may self-install the smart thermostats if they wish do so. See, Settlement at ¶ 13.

residential furnaces, residential boilers, combi boilers, and tankless water heaters. Settlement at ¶ 18. Moreover, the Settlement provides for a stakeholder collaborative to discuss in advance of the Company's next DSM Plan low-income program measures and participation rates. Settlement at ¶ 19.

The OCA submits that the Settlement addresses concerns that the PGW DSM Plan did not provide targeted measures for low-income customers. See, CAUSE-PA St. 1 at 4. As CAUSE-PA witness Grevatt noted, many low-income customers must pay the costs of the program, yet the Company's filing did not include any measures specifically targeted to low-income customers. CAUSE-PA St. 1 at 14.<sup>3</sup> The proposed Settlement provisions will provide this important benefit to low-income customers through the no cost Smart Thermostat program and the increased incentives under the Residential Equipment Rebate program. The OCA submits that both measures will help low-income customers to achieve savings and provide an important benefit to low-income customers. The Settlement will also allow the stakeholders to monitor and to track participation rates in the programs and will provide a forum to discuss low-income measures in advance of the Company's next DSM filing. The Settlement should be approved as in the public interest.

**B. Stakeholder Meeting (Settlement at ¶ 12)**

Due to COVID-19, PGW's Plan proposes to move many aspects of the DSM program to a virtual instead of in-person format. The Settlement provides that the Company will also hold a stakeholder meeting to allow stakeholders to discuss implementation concerns related to the COVID-19 pandemic. Settlement at ¶ 12. The stakeholder meeting will provide a forum for PGW

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<sup>3</sup> CRP participants enrolled in the Percentage of Income Payment Program (PIPP) do not pay the DSM rider, but low-income customers not enrolled in CRP and enrolled in the CRP budget billing program do pay the costs. CAUSE-PA St. 1 at 14.



and interested stakeholders to provide input to the Company regarding the methods, strategies and techniques planned. The OCA submits that this Settlement term is in the public interest because it will provide an opportunity for PGW to collaborate on implementation and operation ideas with the stakeholders.

### III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement of the PGW Demand Side Management Plan 2021-2023 represents a fair and reasonable resolution of the issues and claims arising in this matter. If approved, the proposed Settlement will benefit the Commission and all Parties by foregoing the additional costs of litigation and will provide consumers with a reasonable voluntary DSM Plan. For the foregoing reasons, the Office of Consumer Advocate submits that the proposed Settlement is in the public interest and in the interest of PGW's customers, and therefore should be approved.

Respectfully Submitted,

/s/ Christy M. Appleby

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# Statement C

**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 2016-2020 :

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

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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 without modification. 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 programming (DSM). While not subject to the energy efficiency and conservation program standards in Act 129,<sup>1</sup> CAUSE-PA nevertheless asserts that PGW’ 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 benefits to low income

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<sup>1</sup> See 66 Pa. C.S. § 2806.1, et seq.

consumers. (See CAUSE-PA St. 1 at 16-19)<sup>2</sup>. Without specific low income programming, PGW's DSM would not be just, reasonable, or in the public interest. (See CAUSE-PA St. 1 at 15). CAUSE-PA's expert witness Jim Grevatt explained through testimony that, as originally proposed, PGW's DSM lacked any programming capable of reaching PGW's low income consumers, and that substantial amendments to the portfolio were necessary to ensure that low income consumers could access PGW's proposed DSM programs. (CAUSE-PA St. 1 at 18).

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 review and further improve upon these provisions in potential future phases of PGW's DSM. The proposed Settlement balances the interests of the parties, and will avoid substantial litigation and associated costs, and will eliminate the possibility of further Commission litigation and appeals - along with attendant costs. 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 and should be approved without modification.

## **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

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<sup>2</sup> 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).”).

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 dire need of energy efficiency measures to help control their usage and, in turn, reduce their monthly electric bills – especially in light of the economic devastation created by the COVID-19 pandemic. (CAUSE-PA St. 1 at 11-13). He explained that PGW’s low income customers pay for the DSM programs through rates, but – as originally proposed – could not reasonably access the measures provided through the program. (CAUSE-PA St. 1 at 14). As Mr. Grevatt noted, PGW’s mandatory Low Income Usage Reduction Program (LIURP) is not a substitute for offering a proportionate level of programming accessible to low income customers. (CAUSE-PA St. 1 at 17-18)<sup>3</sup>. Mr. Grevatt conducted an analysis of PGW’s portfolio cost assumptions, and concluded that PGW’s portfolio could accommodate low income programming at a level consistent with the low income programming required for electric utilities pursuant to Act 129. (CAUSE-PA St. 1 at 20-22).

Mr. Grevatt also critiqued PGW’s prescriptive rebate approach, as opposed to a custom program, and explained that this rebate-based approach would detract from the accessibility of PGW’s programming for affordable housing providers. (CAUSE-PA St. 1 at 23-25). Finally, Mr. Grevatt raised concerns about PGW’s reliance on equipment rebates which entrench reliance on

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<sup>3</sup> See 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).**”). 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).

natural gas, as opposed to building shell measures that could improve overall building energy usage regardless of future heating type. (CAUSE-PA St. 1 at 28-29).

### **III. CAUSE-PA SUPPORT FOR THE SETTLEMENT**

The following terms of the Settlement address issues of concern raised by CAUSE-PA as explained in Mr. Grevatt's testimony, and reflect a balanced compromise of the interests in this proceeding. As such, CAUSE-PA requests that the Commission approve the Settlement without modification.

Specifically, the Settlement proposes a number of specific provisions to ensure that PGW's low income consumer will be able to access energy efficiency and conservation measures through PGW's DSM. Paragraph 13 creates a new, low income smart thermostat – funded at \$60,000 per program year. (Joint Pet. at para. 13(a) to (c)). Through this new program, PGW will provide a free thermostat to low income households, along with installation assistance and education. PGW will contract with a third-party vendor to administer the program, and provide targeted outreach – including to populations for whom English is not a primary language. While the budget level proposed is not proportionate to the size and energy usage of PGW's low income customers, this program will provide a valuable energy efficiency measure to between 300-600 low income customers over a two-year period and therefore represents a reasonable and incremental improvement to PGW's originally proposed DSM. PGW will be required to report on participation levels in its annual report, which will help to make further adjustments and improvements to the program in potential future phases.

In addition to the low income smart thermostat program, paragraph 17 also provides for enhanced incentive levels for up to 400 low income customers for critical measures, including

furnaces and water heaters. (Joint Pet. at para. 17). While the reduced incentive levels are an improvement, CAUSE-PA is concerned that the up-front cost of the measure to low income households may still pose a barrier for low income households. Thus, the Settlement requires PGW to track and report on participation rates and obligates PGW to host a collaborative meeting at least three months in advance of filing any future DSM plan to review participation rates and discuss changes to ensure that low income households are able to access the programs. (Joint Pet. at paras. 18-19). In turn, the rebates will be made available to nonprofits and affordable housing agencies that are installing heating or water heating equipment in low income homes. (Joint Pet. at para. 17). In doing so, the Settlement will help to leverage scarce resources across the City of Philadelphia to increase the level of efficiency achieved for some of the city's many low income households.

Overall, CAUSE-PA believes the amendments to PGW's originally proposed DSM plan included in the Settlement represent reasonable, incremental improvement, and set forth appropriate steps to allow for additional assessment and further reforms in future phases. Importantly, the Settlement also avoids the potential for protracted litigation at great expense to all the parties and the Commission, while preserving the rights of the parties to further their original positions in future litigation. (Joint Pet. at paras. 21-23). For these reasons, CAUSE-PA asserts that, in balance and with due consideration of all factors, the proposed Settlement is just, reasonable, and in the public interest – and should be approved.



#### **IV. CONCLUSION**

CAUSE-PA submits that the proposed Settlement, which was achieved by the Joint Petitioners after an investigation of PGW's filing, 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 and PGW's customers. Accordingly, CAUSE-PA respectfully requests that the Commission approve the Settlement without modification.

Respectfully submitted,  
**PENNSYLVANIA UTILITY LAW PROJECT**  
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