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November 19, 2015

Via E-Filing

Secretary Rosemary Chiavetta
Pennsylvania 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 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa Code § 62.4 – Request for Waivers, P-2014-2459362.

Dear Secretary Chiavetta:

Enclosed please find the **Main Brief of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia** in the above captioned matter.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at (215) 227-4378

Sincerely,

A handwritten signature in cursive script, appearing to read 'Josie B. H. Pickens', is written over a large, light-colored circular scribble.

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Enclosures

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

MAIN BRIEF

ON BEHALF OF TURN *et al.*

**(TENANT UNION REPRESENTATIVE NETWORK and
ACTION ALLIANCE OF SENIOR CITIZENS
OF GREATER PHILADELPHIA)**

November 19, 2015

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- *Petition of UGI Utilities, Inc.-Electric Division for Approval of its Energy Efficiency and Conservation Plan*, M-2010-2210316 (Order entered October 19, 2011)
- *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301 (Order entered August 22, 2014)

Statutes & Regulations

- 66 Pa.C.S. § 315
- 66 Pa.C.S. § 332
- 66 Pa.C.S. § 2203(8)
- 52 Pa. Code § 56.83
- 52 Pa. Code § 58.1
- 52 Pa. Code § 58.4
- 52 Pa. Code § 58.10
- 52 Pa. Code Sec. 62.3(b)
- 52 Pa. Code § 69.265

I. INTRODUCTION AND STATEMENT OF THE CASE

Before the Commission is Philadelphia Gas Works' (PGW) Petition for Approval of PGW's Demand-Side Management (DSM) Plan for FY 2016-2020(Petition) and Philadelphia Gas Works' Universal Service and Energy Conservation Plan for 2014-2016, 52 Pa. Code Sec. 62.4 – Request for Waivers. The Petition proposes to continue PGW's DSM programming with a CRP Home Comfort program (formerly ELIRP, hereinafter "LIURP"), Residential Equipment Rebates program, Commercial Equipment Rebates program, Efficient Building Grants program, and Efficient Construction Grants program. The Petition proposes a significant reduction in funding for PGW's LIURP. PGW further proposes to eliminate its Home Rebates program and to add two new programs to its DSM, a Low-Income Multifamily program as part of PGW's LIURP and an Efficient Fuel-Switching program.

In addition, PGW proposes two new cost elements: a conservation adjustment mechanism (CAM), which would permit PGW to recover for amounts that PGW would characterize as lost revenues associated with its DSM activities; and a performance incentive, which would reward PGW if its DSM meets certain performance targets. The Petition provides that if PGW's proposed CAM is approved by the Commission, PGW will expand its DSM programming budget and offerings to include, among other offerings, a pathway for On-Bill Repayment (OBR). PGW also requests, through its Request for Waivers, that the Commission waive or provide PGW with an exemption from sections of the Low Income Usage Reduction Program regulations set forth at 52 Pa. Code § 58.

TURN *et al.* support the continuation of PGW's DSM; however, for the reasons set forth in this brief, TURN *et al.* oppose PGW's plan to significantly reduce the budget for PGW's mandated LIURP. TURN *et al.* also oppose PGW's request for a conservation adjustment

mechanism and performance incentive and agree with experts in this proceeding who have testified that lost revenue due to a utility's energy efficiency offerings is an issue appropriately addressed in a base rate case and that a performance incentive is inappropriate. Further, TURN *et al.* oppose PGW's request for waivers of Sections 58.4(a) and 58.10 of the LIURP regulations because waivers would deprive the public of notice and an opportunity to provide input on PGW's proposed LIURP funding reduction and would also eliminate opportunities for effective prioritization of customers who are eligible for LIURP services.

This proceeding has raised a number of additional issues that are of critical concern to TURN *et al.* As set forth in greater detail in the argument that follows, TURN *et al.* oppose PGW's proposal to provide a pathway to OBR for residential customers and TURN *et al.* oppose restructuring CRP to include a price signal. TURN *et al.* support the creation of a Low-Income Multifamily program and argue that such a program should not diminish PGW's LIURP budget. Finally, TURN *et al.* request that the Commission approve the establishment of both a *de facto* electric heating program and a restore service program, which would allow PGW to address vulnerable customers who can be served by PGW's LIURP but who are not currently included in PGW's DSM Plan, namely, *de facto* electric heating customers and former PGW Customer Responsibility Program (CRP) customers who are without natural gas service.

II. PROCEDURAL HISTORY

On December 23, 2014, Philadelphia Gas Works ("PGW") filed its Petition for Approval of PGW's Demand-Side Management Plan for FY 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa. Code Sec. 62.4 – Request for Waivers.

On January 13, 2015, TURN *et al.* filed a Petition to Intervene, citing its interest in examining a number of issues raised by PGW's Demand-Side Management Plan for FY 2016-2020 (DSM Phase II Plan) . Between January 12, 2015 and January 16, 2015 answers to the Petition or notices to intervene were filed by the Office of Consumer Advocate (OCA), the Bureau of Investigation and Enforcement (I&E), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), the Philadelphia Industrial and Commercial Gas Users Group (PICGUG), the Office of Small Business Advocate (OSBA), and Clean Air Council (CAC).

A prehearing conference was held on February 17, 2015 before Administrative Law Judges Marta Guhl and Christopher P. Pell. On February 19, 2015, the ALJs issued Prehearing Order No. 1, which set the litigation schedule in this matter.

On April 10, 2015, PGW filed a Petition to Extend PGW's DSM for an interim period from September 1, 2015 through either August 31, 2016 or until the effective date of a compliance plan filed in response to a final Commission Order in the instant proceeding. PGW's Petition to Extend was granted by the Commission on May 7, 2015.

The parties pre-served testimony according to the litigation schedule set forth in Prehearing Order No. 1. The parties engaged in extensive discovery and settlement discussions but were unable to reach a compromise on any of the issues raised by this proceeding. An evidentiary hearing was held by telephone on October 28, 2015. During the evidentiary hearing, all parties agreed to waive cross examination of all other party witnesses and moved for the admission of various pre-served testimony and exhibits. All parties' pre-served testimony and hearing exhibits were admitted into the record.

TURN *et al.* submit this Main Brief in accordance with the ALJs' Briefing Order entered November 3, 2015.

III. LEGAL STANDARDS

PGW bears the burden of proof in this proceeding as the party seeking affirmative relief from the Commission.¹ To satisfy that burden, PGW must prove each element of its case by a preponderance of the evidence.² Preponderance of the evidence means that one party has presented evidence which is more convincing than the evidence presented by the other parties to the case.³ The Commission's decision must be supported by "substantial evidence" and not simply a "trace of evidence or a suspicion of the existence of a fact."⁴

IV. CONTINUATION OF DSM PLAN

TURN *et al.* support the continuation of PGW's DSM with the modifications to PGW's DSM Phase II Plan that are set forth in this brief. The record demonstrates that since its inception in 2011 through 2014, PGW's Demand-Side Management Plan (DSM Phase I) has provided benefits to PGW's low-income customers. DSM Phase I resulted in direct weatherization of over 7,500 low-income customers' homes. (PGW St. No. 1 at 2:20-24). PGW's DSM Phase I LIURP funded \$26.2 million in weatherization activity and resulted in a \$7.2 million net reduction (over the lifetime of the measures installed) in the CRP subsidy that all customers pay to fund PGW's low-income CRP program. (PGW St. 1 at 3:7-10). TURN *et al.* submit that PGW should be permitted to continue its DSM program; however, PGW's DSM Phase II Plan fails to account for the substantial need for PGW's LIURP services among

¹ 66 Pa. C.S. §§ 315, 332.

² *Samuel J. Lansberry, Inc. v. Pa. PUC*, 578 A.2d 600 (Pa. Cmwlth. 1990) *alloc. denied*, 529 Pa. 654, 602 A.2d 863 (1992).

³ *Se-Ling Hoisery v. Margulies*, 364 Pa. 54, 70 A.2d 854 (1950).

⁴ *Norfolk and Western Railway Co. v. Pa. PUC*, 489 Pa. 109, 413 A.2d 1037 (1980).

currently eligible customers. In addition, the DSM Phase II Plan fails to provide benefits to vulnerable low-income PGW customers and former customers who cannot access LIURP. The DSM Phase II Plan also raises other significant concerns that are discussed in detail in the arguments that follow.

V. PROPOSED NON-LIURP PROGRAMS

A. Summary of Briefing Party's Position

TURN *et al.* oppose PGW's proposal to explore a pathway to On-Bill Repayment for PGW's residential customers. TURN *et al.* take no position on the other non-LIURP programs that have been proposed by PGW and the parties in this proceeding.

B. Proposed Non-LIURP Programs

TURN *et al.* take no position on the non-LIURP Programs, including the Residential Equipment Rebates, Efficient Construction Grants, Efficient Building Grants, Commercial Equipment Rebates, or Home Rebates programs.

C. Proposed New Pilot Program – Efficient Fuel Switching

TURN *et al.* take no position on the proposed Efficient-Fuel Switching Program.

D. PGW On-Bill Repayment Program Proposal

PGW has proposed, without any specific details, that, if its CAM is approved, the utility will develop “a working group of stakeholders and industry experts to research and propose an On-Bill Repayment (OBR) mechanism” that would offer PGW customers financing options for energy efficiency projects. (PGW St. No. 2 at 7:3-5). PGW would implement a final OBR model developed through the discussions of this working group. (PGW St. No. 2 at 7:6-9). TURN *et al.*

oppose OBR for PGW's residential customers.⁵ PGW should not be permitted to explore a pathway to OBR for residential PGW customers because OBR could result in loss of life essential natural gas service for low and moderate income households and PGW has not demonstrated that residential OBR is necessary.

The Pennsylvania Code prohibits a utility from terminating service for nonpayment of nonbasic charges for leased or purchased merchandise, appliances or special services including, but not limited to, merchandise and appliance installation fees; rental and repair costs; meter testing fees; special construction charges; and other nonrecurring or recurring charges that are not essential to delivery or metering service.⁶ The Code would prohibit a utility from terminating utility service for nonpayment of OBR charges without express and specific authorization from the Commission.⁷ PGW has failed to provide any details on its potential OBR offerings and whether PGW intends to seek authorization from the Commission to terminate service in situations where a customer falls behind on payment of OBR charges. PGW's witness Elliott Gold testified that this question, and other important questions about the potential harm that OBR could cause PGW's residential customers, should be resolved in the context of PGW's proposed stakeholder discussions. (PGW St. No. 2-R at 20:12-23). PGW's approach fails to adequately safeguard the rights of PGW's residential customers. Further, even if PGW provided assurances that OBR will not be linked to termination of service, TURN *et al.* seriously question the wisdom of authorizing loans for low and moderate income customers. TURN *et al.* submit that the Commission should deny PGW's OBR proposal as it pertains to residential customers.

⁵ If the Commission denies PGW's request for a CAM, as TURN *et al.* urge the Commission to do, PGW's OBR proposal will be automatically denied because PGW has made the OBR proposal contingent upon approval of its CAM. (PGW St. No. 2-R at 20:11-12). TURN *et al.* oppose residential OBR irrespective of whether PGW's CAM is approved.

⁶ 52 Pa. Code § 56.83(3).

⁷ 52 Pa. Code § 56.83

The record in this proceeding weighs in favor of denying PGW's OBR proposal. CAUSE-PA questioned whether OBR is in the best interests of low and moderate income households. (CAUSE-PA St. No. 1 at 20:17-19). Mr. Miller testified that "OBR presents potentially significant and troublesome issues that cause concern as to whether a lending scheme tied to essential utility service bills should be pursued for [low and moderate income customers]". (CAUSE-PA St. No. 1 Sur. at 6:21-22 and 7:1-3). OCA testified that OBR is not appropriate for residential ratepayers. (OCA St. No. 2 at 63:13-16). OCA's witness Roger D. Colton testified that "PGW has failed to make any demonstration that a residential OBR is consistent with, let alone needed to enhance, its residential DSM offerings." (OCA St. No 2 at 70:10-11). TURN *et al.* agree with Mr. Miller and Mr. Colton. PGW's proposal raises significant concerns about whether OBR will result in loss of utility service or other hardships for PGW's residential customers. The record in this proceeding does not support a finding that residential OBR would be a necessary or even beneficial component of PGW's DSM. TURN *et al.* request that the Commission deny PGW's proposal to explore residential OBR in connection with this DSM proceeding.

E. OCA Confirmed Low-Income Outreach Proposal

TURN *et al.* take no position on whether to approve OCA's proposal for targeted marketing of non-LIURP programming to confirmed low income populations.

VI. DSM COST RECOVERY MECHANISMS

TURN *et al.* take no position on PGW's mechanisms for recovering DSM costs through a Universal Service Charge and Efficiency Cost Recovery Surcharge, except as needed to oppose PGW's proposed CAM and performance incentive.

VII. PGW'S PROPOSED TWO NEW COST RECOVERY ELEMENTS FOR ECRS

A. Summary of Briefing Party's Position

PGW's request for a CAM and performance incentive should be denied because the record evidence supports a finding that lost revenue due to a utility's energy efficiency offerings is an issue appropriately addressed in a base rate case. The record evidence also supports a finding that a performance incentive is inappropriate.

B. Conservation Adjustment Mechanism (CAM)

PGW has proposed a CAM in order to recover "lost margins" that it alleges are due to sales reductions caused by its energy-efficiency programs. (PGW St. 4 at 21:19-20). TURN *et al.* oppose PGW's request for a CAM. PGW should not be permitted to recover through a CAM, revenues it proposes to identify as being "lost" due to its energy efficiency measures. PGW's proposed CAM fails to take into consideration any other impact on PGW's revenues and is an example of impermissible single-issue ratemaking.

In Pennsylvania, single-issue ratemaking is generally prohibited if it impacts on a matter that is normally considered in a base rate case.⁸ Issues of lost revenue resulting from a utility's conservation efforts are normally considered in base rate case proceedings.⁹ PGW has made clear that its proposed CAM does not consider any increases to PGW's revenues. (TURN *et al.*

⁸ See *Popowsky v. PUC*, 13 A3d 583 (2011) at 7 citing *Pennsylvania Industrial Energy Coalition v. PUC*, 653 A2d 1336 (1995).

⁹ See e.g., *Petition of UGI Utilities, Inc.-Electric Division for Approval of its Energy Efficiency and Conservation Plan*, M-2010-2210316 (Order entered October 19, 2011)(Although this case involves an EDC, UGI argued, as PGW does in this proceeding, that it was not subject to Act 129 (which prohibits the recovery of lost revenue outside of a base rate case for large EDCs) and that a prohibition on recovery of lost revenues outside the context of a rate case would be a disincentive to providing voluntary EE&C. The ALJ disallowed the revenue recovery mechanism proposed by UGI and was particularly persuaded by arguments advanced by the OCA that the mechanism would result in impermissible single-interest ratemaking and would produce unjust and unreasonable rates because it is based on speculative estimates of energy savings. Recommended Decision (July 15, 2011) at 30-31.

Hearing Exhibit No. 1 at 11).¹⁰ TURN *et al.* contend that PGW's alleged lost margin is most appropriately addressed in a base rate case that would consider the totality of PGW's financial situation.

In testimony, OCA, I&E, and OSBA witnesses opposed the CAM. OCA witness Geoffrey C. Crandall testified that the CAM is in effect a single-issue rate case. (OCA St. No. 2 at 13:17 through 15:9). Mr. Crandall testified that "in a single-issue rate case, rates are adjusted only for one factor, and can lead to collecting excess revenues and to reduced scrutiny." (OCA St. No. 2 at 14:3-4). I&E witness Rachel Maurer testified that she is "unaware of any instance in which the Commission has approved a CAM for use in the gas industry." (I&E St. No. 1 at 4:3-4). Ms. Maurer further testified that a base rate proceeding is the proper place to address PGW's alleged revenue reduction. (I&E St. No. 1 at 4:26 through 5:4). OSBA witness Robert D. Knecht testified that he opposed PGW's CAM in this proceeding because, among other reasons, it is a violation of the regulatory prescription against single issue ratemaking. (OSBA St. No. 1 at 9:8-9). Mr. Knecht testified that "PGW proposes to adopt a rate adjustment mechanism outside of a base rates proceeding that will adjust rates based only on one single ratemaking factor, namely calculated load losses from conservation. Such a mechanism fails to reflect all of the other factors that go into determining base rates." (OSBA St. No. 1 at 9:10-13). TURN *et al.* agree with OCA, I&E, and OSBA's witnesses that the issue of PGW's lost revenue resulting from the success of its DSM efforts is appropriately raised in a base rate case. TURN *et al.* submit that the Commission should deny PGW's proposed CAM.

¹⁰ PGW does not agree that its weatherization and energy efficiency treatments free up capacity, creating opportunities for PGW to sell additional liquefied natural gas, notwithstanding opinions to the contrary. (TURN *et al.* Hearing Exhibit No. 1 at 10 through 11 and TURN *et al.* Hearing Exhibit No. 2). Even if PGW did agree that its weatherization creates opportunities for increased revenue, PGW's proposal completely disregards these, and any other, revenues.

C. Performance Incentive

PGW has proposed the adoption of a performance incentive, which would permit PGW to charge its customers up to ten percent of the annual DSM budget if PGW's DSM meets certain performance targets. (PGW St. No. 3 at 22:18-21). PGW witness Theodore M. Love testified that "performance incentives are intended to encourage utilities towards achieving the greatest benefits for their customers and aligning customer and Company financial benefits." (PGW St. No. 3 at 24:10-11). TURN *et al.* oppose PGW's request for a performance incentive. PGW should not be granted an incentive for successfully operating its DSM. TURN *et al.* submit that a performance incentive, like the proposed CAM, fails to take into account PGW's overall financial picture and would permit PGW to recover additional revenue from customers even if PGW has no additional need for revenue.

I&E and OCA's witnesses' opposed the performance incentive. Ms. Maurer testified that PGW has failed to demonstrate what benefits customers would receive from paying a performance incentive. (I&E St. No. 1 at 8:1-2). She further testified that PGW's conservation goals should not depend upon a performance incentive and can be met with or without a performance incentive. (I&E St. No. 1-SR at 8:18-20). OCA testified that the performance incentive is particularly inapplicable to PGW's LIURP because LIURP is mandatory. (OCA St. No. 2 at 21:1-4). Mr. Colton testified that "PGW should not be permitted to collect an 'incentive' to undertake a task that it would have a mandatory obligation to undertake even in the absence of the 'incentive.'" (OCA St. No. 2 at 21:4-6). TURN *et al.* agree with Ms. Maurer and Mr. Colton in their opposition to PGW's proposed performance incentive. TURN *et al.* contend that the Commission should deny PGW's proposal.

VIII. DSM II BUDGET

A. Summary of Briefing Party's Position

TURN *et al.* strongly oppose PGW's proposal to reduce funding to its LIURP. TURN *et al.* take no position on PGW's proposed budgets for its non-LIURP DSM programs.

B. Proposed Budgets (Non-LIURP Programs)

TURN *et al.* take no position on PGW's proposed budgets for its non-LIURP DSM programs.

C. CRP Home Comfort (LIURP) Budget

PGW has proposed an annual LIURP budget of approximately \$2 million per year (OCA St. No. 2 at 5:5-8). This is a substantial reduction from PGW's LIURP spending, which totaled \$6.077 million in 2012; \$7.538 million in 2013; and \$7.898 million in 2014 (OCA St. No. 2 at 6:21-22). In Rejoinder Testimony, PGW stated that it is willing to increase the LIURP budget to approximately \$3.2 million per year (PGW St. No. 1-RJ at 1:18-21); however, the newly proposed budget is still a drastic reduction in spending when compared to DSM Phase I spending for PGW's LIURP.¹¹ Unless its CAM is approved by the Commission, PGW is unwilling to consider increasing the budget for its LIURP beyond what is proposed in Rejoinder Testimony. (PGW St. No. 1-RJ at 2:15-17). TURN *et al.* oppose PGW's proposal to drastically reduce funding to its LIURP. The proposed LIURP budget reduction fails to take into consideration the substantial need for PGW's LIURP services. In addition, PGW should not be permitted to use its LIURP budget as a bargaining chip for its proposed CAM, especially in light of this overwhelming need for LIURP. Finally, the success of PGW's LIURP programs and the

¹¹ PGW has proposed a budget of \$15,945,846 for FY 2016-2020.

significant savings that it has brought and will bring to PGW customers are likely to contribute to a positive public perception of PGW's CRP.

The Commission is required to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory.¹² The Pennsylvania Code is specific in its requirements for revision to a LIURP budget. Section 58.4(c) provides that "a revision to a utility's [LIURP] program funding level is to be computed based upon factors listed in this section."¹³ These factors include:

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

PGW has not taken this factor into consideration in computing its revised LIURP budget. Instead of proposing a LIURP budget with the intention to meet the need in its service territory, PGW appears to base its budget wholly on a comparison to the budgets of gas utilities serving other territories, and excluding Columbia Gas. (PGW St. No. 1-RJ at 2:2-10). This is not an appropriate method for determining the funding status of a universal service program. There is a significant need for PGW's LIURP. PGW's current annual LIURP budget permits it to serve 2,108 of its approximately 70,000 CRP customers per year. (OCA St. No. 2 at 8:17-19).¹⁴ Through 2014, PGW's DSM has provided direct weatherization to approximately 7,500 low-income customers' homes (PGW St. No. 1 at 2:20-24). The proposed funding reduction will result in significantly fewer low income households receiving treatment under PGW's LIURP.

¹² 66 Pa.C.S. § 2203(8)

¹³ 52 Pa. Code § 58.4(C)

¹⁴ See, *Philadelphia Gas Works Universal Service and Energy Conservation Plan (USECP) for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301 (Order entered August 22, 2014) at

TURN *et al.* question the merit of PGW's contention that it must reduce its budget for its LIURP activities because reduced consumption due to its DSM will result in lost revenues. Even if the utility is permitted to recover alleged "lost" revenue through its proposed CAM, PGW has made no firm commitment to restoring the funding for LIURP to DSM Phase I levels. PGW has only indicated that the utility is "open to discussing the size of" and "willing to consider" the LIURP budget. (TURN *et al.* Hearing Exhibit No. 1 at 14; PGW St. No. 1-RJ at 2:15-16). PGW's unwillingness to affirmatively state that it will maintain its LIURP budget at current levels, if permitted to recover its lost revenue, undermines its contention that lost revenue is the basis for its proposed reduction in funding.

Finally, the success of PGW's LIURP programs and the significant savings that it has brought and will bring to all PGW customers are likely to contribute to a positive public perception of PGW's CRP. PGW's LIURP expenditures during Phase I of its DSM are projected to reduce the size of PGW's CRP subsidy by more than \$54 Million (PV in 2014\$) over the lifetime of the measures. (TURN *et al.* Hearing Exhibit No. 1 at 1). PGW has described its reduction in the CRP subsidy as a direct impact realized by all firm customers who fund the CRP. (PGW St. No. 1 at 3:4-7). Continued significant reductions in the cost of the CRP subsidy, like those projected for DSM Phase I, are likely to improve public opinion about PGW's ability to control the costs that other customers pay to fund CRP.

IX. CRP HOME COMFORT PROGRAM (LIURP)

TURN *et al.* support the establishment of a Low-Income Multifamily program with a budget that does not replace or diminish PGW's LIURP funding. TURN *et al.* oppose PGW's request for waivers of key Chapter 58 regulations, which provide for notice and public input regarding proposed LIURP funding reductions and which specify how prioritization for receipt

of LIURP services is to occur. TURN *et al.* support expanding LIURP program eligibility to include both vulnerable *de facto* heating customers and former CRP customers.

A. Continuation of CRP Home Comfort as PGW's LIURP within DSM II Portfolio

TURN *et al.* take no position on whether PGW's LIURP should remain within PGW's DSM portfolio.

B. CRP Home Comfort Program Eligibility Criteria

TURN *et al.* support expansion of the CRP Home Comfort program (LIURP) to include *de facto* electric heating customers and former CRP customers for the reasons set forth in this brief.

C. PGW's Proposed New Low-Income Multifamily ("LIME) Program

PGW has proposed a LIME program to provide energy usage assessments and direct install energy efficiency measures to owners of low-income multifamily properties. (PGW St. No. 2 at 7:23-25). PGW testified that it expects the majority of installations will include low cost measures. (PGW St. No. 2 at 8:19-21). TURN *et al.* support PGW's proposal to initiate a pilot program to serve low-income multifamily properties. TURN *et al.* agree with the recommendations of CAUSE-PA on how the proposal can be improved. CAUSE-PA testified in support of the LIME; however, Mr. Miller testified about his concern that PGW's proposal does not contemplate the provision of comprehensive program measures. (CAUSE-PA St. No. 1 at 18:9-11). Mr. Miller also cautioned against allowing the LIME to replace or diminish PGW's LIURP funding. (CAUSE-PA St. No. 1 at 18:12 through 19:4). TURN *et al.* agree with Mr. Miller and support the establishment of a LIME program that does not replace or diminish LIURP funding. TURN *et al.* are especially concerned about the LIME program's ability to

compromise the LIURP budget when record evidence shows that significant need remains for single family LIURP even at the existing higher LIURP funding levels.

D. Chapter 58 Waiver Requests

TURN *et al.* oppose PGW's request for a waiver of Section 58.4(a) and Section 58.10 of the LIURP Regulations. TURN *et al.* take no position on PGW's request for waivers of other provisions of the LIURP Regulations.

PGW has requested a waiver of 52 Pa. Code § 58.4(a). Section 58.4 requires that “[p]roposed funding revisions that would involve a reduction in [LIURP] program funding shall include public notice found acceptable by the Commission’s Bureau of Consumer Services, and the opportunity for public input from affected persons or entities.”¹⁵ PGW has asserted that there is no proposed reduction in LIURP funding because there is currently no approved full Fiscal Year LIURP budget for 2016-2020. (PGW St. No. 1-R at 25:5-7). PGW claimed that this provision does not apply to its LIURP but also stated that the utility is willing to work with BCS regarding appropriate public notice and public input processes. (PGW St. No. 1 at 8:8-9). TURN *et al.* oppose PGW's request for a waiver of Section 58.4(a) because a waiver would deprive the public of a meaningful opportunity to weigh in on the adequacy of PGW's LIURP budget and the appropriateness of a budget reduction.

TURN *et al.* agree with CAUSE-PA that PGW's arguments for a waiver of Section 58.4(a) are unpersuasive and amount to circular reasoning. (CAUSE-PA St. No. 1 at 13:8-17). The regulation addressess a proposed funding reduction. Presumably, the rationale for providing public notice and an opportunity for public input is for the public to weigh in before funding is

¹⁵ 52 Pa Code § 58.4(a).

reduced and when public commentary may be of consequence to the determination of the outcome.

Even if the Commission agrees that the LIURP budget must be approved before the requirements of Section 58.4(a) become applicable, PGW has not provided a persuasive explanation for the Commission to grant a waiver of this provision of the regulations. Ms. Adamucci testified that “PGW has sought waivers of various sections of Chapter 58 mainly due to the inherent conflict of trying to apply the Commission’s dated regulations to a program that has been designed to be consistent with current accepted standards for energy efficiency programs.” (PGW St. No. 1-SR at 4:4-13). However, she did not explain why or how the requirement to provide public notice and an opportunity for public input on a proposed funding reduction has been made obsolete by evolution in the standards for energy efficiency, nor could she convincingly do so. The requirements at Section 58.4(a) are particularly worthy of application in this proceeding because, as discussed in this brief, PGW has proposed a significant reduction in its LIURP budget that has not taken into consideration the need for these services. Given PGW’s willingness to work with BCS, the Commission should deny PGW’s request for a waiver of Section 58.4(a).

PGW is also seeking a waiver from 52 Pa. Code § 58.10. Section 58.10 concerns a utility’s prioritization of eligible LIURP customers for receipt of LIURP services. The regulation states, in relevant part, “[priority] for receipt of services shall be determined as follows:…Among customers with the same standing with respect to paragraph (1), those with the greatest arrearages shall receive services first…Among the customers with the same standing with respect to paragraph (2), those with incomes which place them farthest below the maximum

eligibility level shall receive services first.”¹⁶ PGW testified that its LIURP customers are targeted from the highest usage CRP customers. (PGW St. No. 1 at 10:3). Ms. Adamucci stated that PGW does not prioritize customers based on highest arrearage and lowest income because PGW’s CRP is a percent of income plan. (PGW St. No. 1 at 10:3-6). PGW does not believe that CRP customers are financially impacted by the conservation measures that are provided through LIURP. (PGW St. No. 1 at 10:3-6). PGW claimed that changes to its current LIURP eligibility and prioritization strategies, like those required by Section 58.10, could have negative impacts in drawing focus away from total gas savings and total cost-effectiveness (PGW St. No. 1-R at 26:11-15); however, PGW does not provide any specific data. Nor does PGW explain why further prioritization among customers who have already been identified for receipt of services would lead to the imagined negative impacts.

TURN *et al.* agree with the OCA that it is appropriate to use arrearages and income deficits to prioritize investments among equally eligible customers. (OCA St. No. 2 at 53:15-17). As the Commission noted in its Order regarding PGW’s 2014-2016 Universal Services and Energy Conservation Plan proceeding, “the LIURP regulations clearly establish a priority for selecting customers to receive weatherization services under the program. Although the PGW [LIURP] program is operating within the DSM portfolio of programs, the selection method for customers should not change from what it would be if [LIURP] were part of PGW’s USECP.”¹⁷ TURN *et al.* request that the Commission deny PGW’s request for a waiver of Section 58.10.

¹⁶ 52 Pa Code § 58.10(a)(2)-(3).

¹⁷ PGW USECP for 2014-2016 at 55.

E. *De facto* Electric Heating Proposal

CAUSE-PA has proposed that PGW take a more active role in addressing *de facto* heating. (CAUSE-PA St. No 1 at 20:4-5). *De facto* heating occurs when a low-income customer relies on non-gas heating as a primary source of heating even though the residence is configured to be heated primarily with gas service.¹⁸ CAUSE-PA's expert Mitchell Miller recommended that PGW investigate the possibilities for remediation of *de facto* heating and then provide a report and action recommendation to the parties and stakeholders. (CAUSE-PA St. No. 1 at 20:9-10). Mr. Miller testified that there are positive opportunities and benefits available to PGW through collaboration with PECO to address *de facto* electric heating. (CAUSE-PA St. No 1 at 5:14-17). Specifically, Mr. Miller testified that PECO's recently approved CAP rate design settlement includes an increase in PECO's LIURP budget by \$700,000 per year for a three year period for the purpose of implementing measures for a *de facto* target group. (CAUSE-PA St. No. 1 at 19:13-15). Mr. Miller also testified that these increased resources provide an opportunity for PGW to pursue a partnership with PECO to address *de facto* heating and explore ways to remediate it. (CAUSE-PA St. No. 1 at 20:11-13). TURN *et al.* support CAUSE-PA's proposal and argue that PGW should investigate the possibilities for remediation of *de facto* electric heating in PGW's service territory because remediation of *de facto* electric heating is consistent with LIURP's aims and there is a viable opportunity for PGW to explore a partnership with PECO to address this urgent health and safety concern. CAUSE-PA's proposal is an appropriate issue and concern for this proceeding and PGW's arguments against the *de facto* electric heating proposal are unpersuasive.

¹⁸ PGW's unwillingness to explore *de facto* remediation is confounding, given PGW's concern with loss of distribution revenues posed by DSM activities that reduce demand. Addressing *de facto* heating circumstances through DSM represents an opportunity to increase distribution revenues while improving the use of safe and efficient home heating fuel.

LIURP's purpose is set forth at 52 Pa Code § 58.1:

This chapter requires covered utilities to establish fair, effective and efficient energy usage reduction programs for their low income customers. **The programs are intended to assist low income customers conserve energy and reduce residential energy bills. The reduction in energy bills should decrease the incidence and risk of customer payment delinquencies and the attendant utility costs associated with uncollectible accounts expense, collection costs and arrearage carrying costs.** The programs are also intended to reduce the residential demand for electricity and gas and the peak demand for electricity so as to reduce costs related to the purchase of fuel or of power and concomitantly reduce demand which could lead to the need to construct new generating capacity. **The programs should also result in improved health, safety and comfort levels for program recipients.** Emphasis added.

PGW testified that Mr. Miller's proposal is an expansion of PGW's DSM program that is not warranted or appropriate. (PGW St. No. 2-R at 2:15-16). TURN *et al.* disagree. A *de facto* electric heating program is an appropriate issue in this proceeding. PGW's decision to include its LIURP within its DSM does not preclude the parties from questioning, in this forum, whether there are additional or more effective ways for PGW's LIURP to fulfill its regulatory purpose. Section 58.1 states that LIURP programs are intended to reduce residential energy bills and the incidence and risk of customer payment delinquencies. The programs are also intended to result in improved health, safety, and comfort levels for program recipients. These are purposes that would be fulfilled by a *de facto* electric heating program. A *de facto* electric heating program could enable low-income PGW customers to decrease the incidence and risk of customer payment delinquencies, while at the same time enhancing the public safety by eliminating the need for households to resort to dangerous forms of alternative heating.

A *de facto* electric heating program is also timely given the Commission's recent decision regarding PECO's CAP Design and increased funds for PECO's *de facto* related LIURP efforts. PECO's commitment to deploying additional resources to address *de facto* heating presents a fortuitous and time sensitive opportunity for PGW to investigate the potential for

collaboration to address this important issue.¹⁹ Further, PGW currently coordinates with a number of entities to maximize the reach and effectiveness of its DSM (PGW St. No. 1 at 3:15 through 4:14) and PGW has not provided any rationale for its unwillingness to investigate an opportunity for collaboration with PECO on the issue of *de facto* heating.²⁰

PGW testified that the *de facto* proposal does not adequately address the added costs of the arrears of the customers served and is more focused on a concern for PECO and its ratepayers. (PGW St. No. 2-R at 2:16-23). Mr. Gold opined that this proceeding is an inappropriate place to address public policy concerns and that it may not be cost effective to provide treatment to the customers identified by such a program. (PGW St. No. 2-R at 3:5-9). These arguments are unpersuasive and inaccurate. While PGW is concerned about the added cost of the arrears of the consumers served by a *de facto* electric heating program, the utility does not acknowledge that such a program could result in decreased delinquency and increased payment to PGW, and would contribute to the overall safety of customers and communities in PGW's service territory. Part of PGW's investigation into a *de facto* electric heating program can and should include a review of whether there are customers who are paying *de facto* electric heating costs resulting in overall higher energy bills that would be reduced if the customer was served by PGW.

¹⁹ In addition to the three year commitment to expend \$700,000 per year on a *de facto* heating group, the CAP Rate Design settlement also commits PECO to an annual provision of \$1 million in additional funds to its LIURP for a three year period. PECO has the discretion to use these additional funds for its *de facto* heating program if PECO determines that there is demand for additional *de facto* heating services and that such additional expenditures can be made within *de facto* heating program requirements. PECO Energy Company Universal Service and Energy Conservation Plan for 2013-2015 Submitted in Compliance with 52 Pa.Code §§ 54.74 and 62.4, M-2012-2290911 (Final Order entered July 8, 2015). Pursuant to the settlement, these expanded resources are only scheduled to be available from 2017-2019.

²⁰ PGW testified generally about the "complexity" involved in intra-utility coordination and the extensive program steps that PECO is already taking as part of its Act 129 program. (PGW St. No. 1-R at 27:20-23). PGW did not provide any specific examples of barriers to coordinating with PECO to address *de facto* heating.

Mr. Gold testified that the *de facto* electric heating proposal is more concerned with PECO and its ratepayers because of large PECO bills that could be mitigated by the proposal. (PGW St. No. 2-R at 2:22-23). This suggestion is false. The *de facto* electric heating proposal is primarily concerned with the low-income households who are unable to maintain or reconnect their natural gas services (CAUSE-PA St. No. 1 Sur. at 5:21 through 6:6) and who are reliant on expensive, inefficient, and potentially unsafe *de facto* heating (CAUSE-PA ST 1 at 19:17-18). The fact that the households to be served by Mr. Miller's proposal rely upon PECO's electric service, or the use of potentially unsafe home heating fuels, does not remove them from PGW's service territory. Nor does their lack of current PGW service preclude the provision of LIURP services. To suggest that these households turn to PECO for all of their needs, since they remain PECO customers after losing PGW service, callously disregards the efficiency concerns of, and health and safety impacts upon, the families who, but for a gas shut off, would still be eligible for LIURP treatment from PGW. In addition, the fact that a collaborative might be beneficial to all of the parties involved is precisely a reason to explore it.

PGW has incorrectly concluded that this proceeding is an inappropriate place to address the public policy concerns raised in Mr. Miller's testimony. (PGW St. No. 2-R at 3:5-9). To the contrary, Section 58.1 clearly provides that a utility's LIURP should result in improved health, safety and comfort levels for program recipients. TURN *et al.* submit that this proposal is aimed at reducing the prevalence of a practice that negatively impacts, and has the potential to catastrophically impair, the health, safety and comfort of entire communities within PGW's service territory, including the health, safety and comfort of PGW's active customers.²¹

²¹ See PUC Prepare for Cold Weather press release at: http://www.puc.state.pa.us/about_puc/press_releases.aspx?ShowPR=3474 . "According to the U.S. Fire

Finally, PGW's contention that it will not pursue a *de facto* heating program unless there is good evidence of its cost effectiveness disregards the fact that PGW is uniquely situated to conduct such an assessment.²²

F. Restore Service Program

CAUSE-PA has recommended that PGW establish a restore service program for former customers of PGW who were enrolled in CRP. The program would restore service to previously high users and would include provision of LIURP services to these households. (CAUSE-PA St. No. 1 at 17:4-6). Mr. Miller testified that PGW's high number of involuntary residential service terminations is a significant issue which PGW should attempt to address. (CAUSE-PA St. No. 1 at 16:6-7). He cited to the significant number of PGW customers who remain off in the winter and concluded that a restore service program could address this problem. (CAUSE-PA St. No. 1 at 16:8-10). Mr. Miller recommended that PGW enhance its LIURP eligibility requirements to enable involuntarily shut-off customers to receive energy efficiency services. (CAUSE-PA St. No. 1 at 15:6-7). TURN *et al.* support the establishment of a restore service program. PGW should establish a restore service program for off CRP customers who were eligible for LIURP services prior to termination of the services but who never received treatment. Such a program would address PGW's termination crisis and increase CRP enrollment.

PGW should establish a restore service program in conjunction with its LIURP because such a program would address PGW's termination crisis, thereby reducing uncollectible expenses while increasing public health and safety in the region. In 2014, PGW terminated

Administration, more than one-fifth of residential fires are related to the use of supplemental room heaters, including wood- and coal-burning stoves, kerosene heaters, gas space heaters and electric heaters."

²² By way of example, PGW is capable of investigating its own *de facto* heating population and evaluating the cost effectiveness of providing, or collaborating with PECO to provide, LIURP services to these customers.

service to nearly 16,000 low income households. (TURN *et al.* Hearing Exhibit No. 1 at 4 and 7). More than 2,000 CRP households were without PGW service as of February 1, 2015 and nearly 200 of those properties were eligible for the receipt of LIURP services. (TURN *et al.* Hearing Exhibit No. 1 at 5 through 7). The Commission has expressed concern about households who enter and endure the winter without a safe source of heat. Every year the Commission releases the results of its cold weather survey and expresses concern for the high number of customers who are living without heat related service or who are using potentially unsafe heat.²³ The Commission routinely urges consumers to contact their utility providers for information about programs available to help restore service. Unfortunately, for many low income PGW customers, there are simply no such programs available. The proposed restore service program would resolve this concern.²⁴

A restore service program would also create one tool to address PGW's precipitous decline in CRP enrollment. As the Commission has noted, CRP participation has declined 17% between 2010 and 2013.²⁵ Despite PGW's commitment to take proactive steps to increase enrollment, the record evidence in this proceeding shows that CRP enrollment has continued to decline. (CAUSE-PA St. No. 1 at 15:18 through 16:1). TURN *et al.* submit that the pool of off CRP customers is a logical place for PGW to concentrate its efforts to increase CRP enrollment. The establishment of a restore service program would allow PGW to provide a pathway to re-enrollment in CRP for these customers.

²³ See PUC's 2014 Press Release at: http://www.puc.pa.gov/about_puc/press_releases.aspx?ShowPR=3472.

²⁴ PGW could initiate such a program by targeting the nearly 200 CRP households who are known to be eligible for LIURP services and who were without service as of February 1, 2015. If these customers remain off, PGW could restore service in conjunction with the provision of LIURP services. Concerns about the cost-effectiveness of such a program and the treatment of arrears might be addressed by pursuing a collaboration with PECO and assessing the opportunities for cost sharing should it become apparent that these customers have become *de facto* heating PECO customers.

²⁵ PGW USECP for 2014-2016 at 64.

PGW has opposed a restore service program because the treatment of these properties may not be cost effective. (PGW St. No. 2-R at 3:12-13). PGW testified that restoring service is a different objective than cost-effective weatherization. (PGW St. No. 2-R at 3:15-16). PGW also asserted that the provision of LIURP services does not impact CRP customers' bills and does not impact shut offs or the length of time a home has service off. (PGW St. No. 1-R at 18: 18 through 19:28). The Commission should not find any merit in PGW's opposition to a restore service program.

PGW's contentions, that a restore service program and cost-effective weatherization are dissimilar objectives and that the provision of weatherization services does not impact shut offs, are misguided. The Commission regulations make it clear that the goals of a utility's energy conservation programs are to protect consumers' health and safety by helping low-income customers maintain affordable natural gas service and to provide affordable natural gas service by making available payment assistance to low-income customers.²⁶ PGW's own data shows that there are significant numbers of CRP customers who are terminated solely for non-payment prior to the receipt of LIURP services and who remain shut off during the cold weather season and for years following the termination. (TURN *et al.* Hearing Exhibit No. 1 at 5). The utility's data also shows that significant numbers of these customers would have been eligible for LIURP services but for the termination. (TURN *et al.* Hearing Exhibit No. 1 at 6).

PGW's claim that weatherization does not impact CRP customers' bills or shut offs ignores reality. In most of the years of PGW's DSM Phase I, CRP customers who received LIURP services were shut off less frequently than CRP customers who did not receive LIURP services. (TURN *et al.* Hearing Exhibit No. 1 at 5 through 7). In addition, for all of the years

²⁶ 52 Pa. Code § 62.3(b).

where data has been provided, CRP customers who received LIURP services were less likely to remain off. (TURN *et al.* Hearing Exhibit No. 1 at 5 through 7).²⁷

X. OTHER ISSUES

A. OSBA Opinion Concerning the Restructure of CRP to Include a Price Signal

OSBA's witness has recommended a price signal based on a misinterpretation of usage data for CRP customers, suggesting, erroneously, that conservation efforts for CRP customers have been unsuccessful, when the data clearly shows the contrary. (OSBA St. No. 2 at 3:1-7). In Direct Testimony, Mr. Knecht opined that PGW's conservation efforts could be substantially improved by restructuring the CRP program to provide a price signal for program participants. (OSBA St. No. 1 at 7:5-7). TURN *et al.* oppose restructuring CRP to include a price signal. CRP is intended to produce affordable bills for PGW's lowest income customers and restructuring the program could undermine the affordability of the program. In addition, the Commission's most recent review of CRP's structure occurred just last year when the Commission accepted and approved PGW's Universal Services and Energy Conservation Plan (USECP) for 2014-2016. Finally, Mr. Knecht's findings are discredited by the record evidence and his own testimony.

CRP should not be restructured to include a price signal because the program is intended to provide an affordable payment plan for PGW's low-income customers.²⁸ The Customer Assistance Program (CAP) Policy Statement at 52 Pa. Code § 69.265 lists the design elements that should be included in a CAP. The CAP Policy Statement provides generally that CAP payments for total electric and natural gas should not exceed 17% of a CAP participant's

²⁷ PGW's alternate explanations for this data are unsatisfying. (PGW St. No. 1-R at 18-19). PGW suggests that more data would somehow disprove the observed trends, but provides none.

²⁸ PGW USECP for 2014-2016 at 11.

income.²⁹ PGW's CRP is a percent of income payment plan that provides bills at eight, nine, and ten percent of income for eligible applicants at or below 150% of the Federal Poverty Income Guidelines.³⁰ These percentages are within the CAP Policy Statement's affordability range for gas heating customers enrolled in a percentage of income plan.³¹ The record in this proceeding reveals that, even at these levels, significant numbers of CRP customers cannot afford their bills.³² Any restructuring of CRP that produces an increase in the customer's bill could further undermine the program's ability to provide affordable bills to low-income customers, which in turn violates the Commission's responsibility to ensure that Universal Service programs are adequately designed and funded to produce bill affordability for low income customers.

The Commission recently reviewed PGW's universal service offerings and specifically examined the issue of conservation incentive for CRP customers.³³ In PGW's recent USECP proceeding, the Commission allowed PGW to implement a conservation incentive credit program and directed PGW to convene a stakeholder group to discuss the program and to develop a means of tracking and verifying the effectiveness of the program.³⁴ The Commission further stated that it intends to monitor and track the numbers of LIURP participants showing no savings after receiving weatherization services and posited that the incentive program may be a method of decreasing those numbers.³⁵ The Commission has already reviewed and adopted an

²⁹ 52 Pa. Code § 69.265(2)

³⁰ PGW USECP for 2014-2016 at 12

³¹ 52 Pa. Code § 69.265(2)(i)(B)

³² See, TURN *et al.* Hearing Exhibit No. 1 at 5-8 for statistics on the number of PGW's CRP customers who have been terminated for non-payment from 2011-2014.

³³ PGW USECP for 2014-2016 at 43-44.

³⁴ *Id.* Mr. Knecht raised a concern that this program may not have been adopted (OSBA St. No. 3 at 6:17-20). The Commission should require PGW to report on the status of its compliance with the 2014-2016 USECP order.

³⁵ *Id.*

adequate method for addressing OSBA's concerns; therefore, the Commission should reject the OSBA's proposal to the extent that it contemplates restructuring CRP to include a price signal.

Mr. Knecht's findings are discredited by the record evidence and his own testimony. PGW disagreed with Mr. Knecht's conclusions regarding conservation efforts for CRP customers and testified that PGW's evaluations of LIURP have found substantial energy savings for LIURP participants. (PGW St. No. 3-R at 3:15-20). OCA's witness testified that Mr. Knecht mis-analyzed the usage of PGW's CRP customers by failing to take into account that CRP's design systematically excludes low-use customers from participating in CRP. (OCA St. No. 2-R at 1:18 through 2:16). CAUSE-PA's witness testified that Mr. Knecht used a flawed approach in comparing aggregate consumption rates for non-CRP customers with those for CRP customers. (CAUSE-PA St. No. 1 at 3:4 through 4:26). TURN *et al.* agree with PGW, OCA, and CAUSE-PA that the OSBA's conclusions regarding conservation efforts for CRP customers are incorrect.

Mr. Knecht acknowledged in his testimony that he had not undertaken a detailed review of PGW's assessment of PGW's LIURP program and that there are legitimate reasons beyond the lack of price signal as to why CRP consumption is higher than non-CRP consumption. (OSBA St. No. 1 at 6:10 through 7:3). He stated that the old age of housing stock for CRP customers, the change in composition of the CRP customer base, and a past rise and fall in natural gas prices that did not affect CRP customers are legitimate reasons for differences in consumption between CRP and non-CRP customers. (OSBA St. No. 1 at 6:10 through 7:3). In Surrebuttal Testimony, Mr. Knecht clarified that he does not recommend dramatically restructuring CRP and that he understands that modifying PGW's USECP is not a part of the current proceeding. (OSBA St. No. 3 at 6:25-27).

XI. CONCLUSION

TURN *et al.* support the continuation of PGW's DSM; however, for the reasons set forth in this brief, TURN *et al.* request that the Commission deny PGW's proposal to reduce the budget for PGW's mandated LIURP. TURN *et al.* also ask the Commission to deny PGW's request for a conservation adjustment mechanism and performance incentive because lost revenue due to a utility's energy efficiency offerings is an issue appropriately addressed in a base rate case and a performance incentive is inappropriate. TURN *et al.* request that the Commission deny PGW's request for waivers of Section 58.4(a) and 58.10 of the LIURP regulations, which would deprive the public of notice and an opportunity to provide input on PGW's proposed LIURP funding reduction and would also eliminate opportunities for effective prioritization of eligible LIURP customers.

This proceeding raised a number of additional issues that are of critical concern to TURN *et al.* TURN *et al.* request that the Commission deny PGW's proposal to provide a pathway to OBR for residential customers and deny OSBA's proposal regarding restructuring CRP to include a price signal. TURN *et al.* ask the Commission to approve the creation of a Low-Income Multifamily program with a budget that does not diminish PGW's LIURP budget. Finally, TURN *et al.* request that the Commission approve the establishment of both a *de facto* electric heating program and a restore service program, which would allow PGW to address

vulnerable customers who can be served by PGW's LIURP but who are not currently contemplated by PGW's DSM Plan, namely, *de facto* electric heating customers and former PGW Customer Responsibility Program (CRP) customers who are without natural gas service.

APPENDIX A

PROPOSED FINDINGS OF FACT

1. DSM Phase I resulted in direct weatherization of over 7,500 low-income customers' homes. (PGW St. No. 1 at 2:20-24).
2. PGW's DSM Phase I LIURP funded \$26.2 million in weatherization activity. (PGW St. 1 at 3:7-8).
3. PGW's DSM Phase I resulted in a net reduction in the CRP subsidy that all customers pay to fund PGW's low-income CRP program by \$7.2 million (over the lifetime of the measures installed). (PGW St. 1 at 3:9-10).
4. PGW's LIURP expenditures during Phase I of its DSM are projected to reduce the size of PGW's CRP subsidy by more than \$54 Million (PV in 2014\$) over the lifetime of the measures. (TURN *et al.* Hearing Exhibit No. 1 at 1).
5. The Pennsylvania Code prohibits a utility from terminating service for nonpayment of nonbasic charges for leased or purchased merchandise, appliances or special services including, but not limited to, merchandise and appliance installation fees; rental and repair costs; meter testing fees; special construction charges; and other nonrecurring or recurring charges that are not essential to delivery or metering service. 52 Pa. Code § 56.83(3).
6. PGW's On Bill Recovery Proposal is conditional upon Commission approval of its proposed CAM (PGW St. No. 2-R at 20:11-12.)
7. PGW has failed to make any demonstration that residential OBR is consistent with, let alone needed to enhance, its residential DSM offerings. (OCA St. No. 2 at 70:10-11).
8. In Pennsylvania, single-issue ratemaking is generally prohibited if it impacts on a matter that is normally considered in a base rate case. *Popowsky v. PUC*, 13 A3d 583 (2011).
9. Issues of lost revenue resulting from a utility's conservation efforts are normally considered in base rate case proceedings. *Petition of UGI Utilities, Inc.-Electric Division for Approval of its Energy Efficiency and Conservation Plan*, M-2010-2210316 (Order entered October 19, 2011).
10. PGW's proposed CAM does not consider any increases to PGW's revenues. (TURN *et al.* Hearing Exhibit No. 1 at 11).
11. PGW expects the majority of LIME installations will include low cost measures such as low-flow faucet aerators, low-flow shower heads, programmable thermostats, hot water heater turndowns and pipe wrap. (PGW ST 2 at 8:18-30).
12. The effectiveness of LIME would be expanded through use of more comprehensive measures. (CAUSE-PA ST 1 at 18:10-11.)
13. The Commission is required to ensure that universal service and energy conservation policies, activities and services are appropriately funded and available in each natural gas distribution service territory. 66 Pa.C.S. § 2203(8).
14. The PA Code requires that a revision to a utility's LIURP program funding level is to be computed based upon the number of eligible customers that could be provided cost-

effective usage reduction services. The calculation shall take into consideration the number of customer dwellings that have already received, or are not otherwise in need of, usage reduction services. 52 Pa. Code § 58.4(C)(1).

15. Proposed funding revisions that would involve a reduction in LIURP program funding must include public notice found acceptable by the Commission's Bureau of Consumer Services, and the opportunity for public input from affected persons or entities. 52 Pa Code § 58.4(a).
16. In its most recent USECP, PGW provided a response to the Commission which set the budget for LIURP at \$7.6 million per year, sufficient to treat 2,108 homes. (OCA ST-2 at 8:18-19).
17. PGW expended \$7.898 million on LIURP in 2014; \$7.538 million in 2013; (OCA ST-2 at 6: 21-22).
18. PGW proposes a DSM II LIURP budget (nominal dollars) of \$2.0 million in 2016; \$2.075 million in 2017; \$2.0 million in 2018; \$2.080 in 2019; and \$2.0 million in 2020. (Exh. TML-4, Table 50). The total five-year LIURP spending, as proposed, would reach \$10.155 million. (OCA ST-2 at 5: 5-18).
19. LIURP regulations clearly establish a priority for selecting customers to receive weatherization services under the program. 52 Pa Code Sec. 58.10(a)(2)-(3)
20. It is appropriate to use arrearages and income deficits to prioritize investments among equally eligible customers. (OCA St. No. 2 at 53:15-17).
21. Although the PGW Home Comfort program is operating within the DSM portfolio of programs, the selection method for customers should not change from what it would be if ELIRP were part of PGW's USECP. Commission Final Order, PGW's 2014-2016 USECP, at 55, Docket No. M-2013-2366301.
22. LIURP programs should result in improved health, safety and comfort levels for program recipients. 52 Pa Code § 58.1.
23. PGW has a high number of service terminations and also a high number of households entering into winter and continuing throughout winter without a safe central source of natural gas heat. (CAUSE-PA ST 1 at 19: 8-10).
24. Many PGW households who have had their natural gas service terminated are forced to resort to space heating. (CAUSE-PA ST 1 at 19:10-11).
25. The use of de facto space heating by low-income former customers of PGW is expensive, inefficient, and potentially unsafe. (CAUSE-PA ST 1 at 19:17-18).
26. PECO's recently approved CAP rate design settlement includes an increase in PECO's LIURP budget by \$700,000 per year for a three year period for the purpose of implementing measures for a *de facto* target group. (CAUSE-PA St. No. 1 at 19:12-15).
27. There are positive opportunities and benefits available to PGW through collaboration with PECO. (CAUSE-PA St. No. 1 at 19:15-16).
28. Significant numbers of CRP customers are terminated solely for non-payment prior to the receipt of LIURP services remain shut off during the cold weather season and for years following the termination. (TURN *et al.* Hearing Exhibit. No. 1 at 5).

29. CRP customers who received LIURP services are less likely to be shut off for non-payment and more likely to restore service following a shut off. (TURN *et al.* Hearing Exhibit No. 1 at 5 through 7).
30. More than 2,000 CRP households were without PGW service as of February 1, 2015 and nearly 200 of those properties were eligible for the receipt of LIURP services. (TURN *et al.* Hearing Exhibit No. 1 at 5 through 7).
31. PGW's CRP's structure was approved in its recent triennial review when the Commission accepted and approved PGW's Universal Services and Energy Conservation Plan (USECP) for 2014-2016.
32. PGW's evaluations of LIURP have found substantial energy savings for LIURP participants. (PGW St. No. 3-R at 3:15-20).
33. The OSBA analysis of the usage of PGW's CRP customers failed to take into account that CRP's design systematically excludes low-use customers from participating in CRP. (OCA St. No. 2-R at 1:18 through 2:16).

APPENDIX B

PROPOSED CONCLUSIONS OF LAW

1. PGW's DSM II Proposed CRP Home Comfort Budget does not comply with 66 Pa.C.S. § 2203(8) requiring that universal service is appropriately funded and available in each natural gas distribution territory. 66 Pa.C.S. § 2203(8).
2. PGW has failed to establish the circumstances necessary for the granting of waivers from Chapter 58 compliance.
3. PGW's request for a CAM is single issue ratemaking and is to be dealt with in a base-rate proceeding.
4. PGW's request for performance incentives is denied. A performance incentive is not an appropriate component of PGW's DSM.

APPENDIX C

PROPOSED ORDERING PARAGRAPHS

1. PGW's proposal to reduce its LIURP CRP Home Comfort Budget is denied.
2. PGW is ordered to maintain its LIURP CRP Home Comfort Budget at its current 2015 level for each year of its DSM Phase II Plan.
3. PGW shall establish a LIME program budget which supplements and adds to its current LIURP CRP Home Comfort Budget.
4. PGW shall design a LIME program which substantially contains comprehensive efficiency and energy reduction measures.
5. PGW's request for waivers from Section 58.4(a) and 58.10 of the LIURP Regulations is denied.
6. PGW's request for a Conservation Adjustment Mechanism is denied.
7. PGW's request for performance incentives is denied.
8. PGW shall analyze and report to the Commission and interested parties a *de facto* electric heating strategy and potential collaboration with PECO.
9. PGW shall develop a restore service program to address both vulnerable *de facto* heating customers and former PGW CRP customers who are without natural gas service and who can be served by PGW's LIURP.
10. PGW's proposal for On Bill Recovery is denied.
11. OSBA's proposal to insert "price signals" into PGW's CRP program is denied.

**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	:	
	:	
and	:	
	:	
Philadelphia Gas Works Universal Service	:	
and Energy Conservation Plan for 2014-	:	
2016 52 Pa Code § 62.4 – Request for	:	
Waivers	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of the **Main Brief of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia**, as set forth below in accordance with the requirements of 52 Pa. Code § 1.54:

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November 19, 2015

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Josie B. H. Pickens". The signature is written in a cursive style with a large initial "J" and "P".

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