

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. P-2009-2097639
v.	:	
	:	
PHILADELPHIA GAS WORKS	:	
PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. R-2009-2139884
v.	:	
	:	
PHILADELPHIA GAS WORKS	:	

**CLEAN AIR COUNCIL’S STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR SETTLEMENT**

I. INTRODUCTION

The Clean Air Council (the “Council”), a signatory party to the Joint Petition for Settlement (“Settlement”) in the above-captioned consolidated proceeding, respectfully requests that the terms and conditions of the Settlement be approved by Administrative Law Judge Charles E. Rainey, Jr. (“ALJ”), and the Pennsylvania Public Utility Commission (“Commission”). The Council submits that the proposed Settlement is in the public interest.

The Council is a non-profit, member-supported organization with offices located in Philadelphia, Pennsylvania, and Harrisburg, Pennsylvania. The Council’s mission is to protect everyone’s right to breathe clean air. Through public education, community advocacy, and government oversight, the Council works to ensure the enforcement of environmental laws. With over 40 years of advocacy and results, including successfully helping to bring the first wind

farm to Pennsylvania, to its credit, the Clean Air Council is one of the Commonwealth's preeminent environmental organizations.

On April 20, 2009, Philadelphia Gas Works ("PGW") filed a Revised Petition for Approval of Energy Conservation and Demand-Side Management Plan in Docket No. P-2009-2097639. The Demand-Side Management Plan (hereinafter "DSM Plan") outlines seven portfolio programs that PGW hopes to implement over the course of the next five years. The aim of the five-year plan, as proposed by PGW, is to reduce the carbon footprint of current PGW customers, to save PGW customers money on their gas bills, to take steps toward more sustainable uses of scarce natural resources by the City of Philadelphia, and to reduce PGW's financial requirements by reducing the total amount of natural gas PGW purchases and delivers.

Given the Council's mission of protecting the public's right to breathe clean air and ensuring the enforcement of environmental laws, the Council intervened in the DSM Plan Proceeding on behalf of the public interest of the residents of the City of Philadelphia, including PGW's residential customers, as well as the residents of the Commonwealth.¹ The public at large has a direct and substantial interest in PGW's proposed plan to reduce overall greenhouse gas emissions and consumer usage of natural gas, and in PGW's proposed creation of 600 to 1,000 jobs, many of which will be green-collar jobs.

The Council was generally supportive of the DSM Plan, but intervened to strengthen and bring clarity to certain aspects of the Plan and to ensure that the implementation of the DSM Plan, as and if approved, will actually achieve its projected goals and maximize its contemplated benefits to the public. On December 18, 2009, PGW filed a revised DSM Plan as part of its section 1308(d) filing in Docket No. R-2009-2139884. The two dockets were consolidated by Commission Order entered February 11, 2010.

¹ ALJ Rainey granted the Council's petition to intervene on May 10, 2010, the first day of hearings in this matter.

As an intervening party in the consolidated proceedings, the Council filed the direct and rebuttal testimony of its witness, Joseph O. Minott. The Council also actively participated in the negotiations that led to the execution of the Joint Petition for Settlement, specifically concerning aspects of the DSM Plan such as the cost of initial energy audits for residential customers.

The Council has reviewed the pleadings; extensive formal and informal discovery among the active parties; and direct, rebuttal, and surrebuttal testimony from the parties and supporting exhibits thereto. Further, the Council participated in the negotiation of the Settlement. The Council concludes that the resolution of these proceedings, and specifically the implementation of the proposed DSM Plan, as set forth in the Settlement, is reasonable and in the public interest.

II. REASONS FOR SUPPORT OF SETTLEMENT

The Council's involvement in these proceedings has been limited to issues concerning the DSM Plan, and accordingly this Statement in Support of the Settlement will focus on the reasons that the implementation of the DSM Plan as set forth in the Settlement is in the public interest. The Council supports the Settlement because the implementation of PGW's proposed DSM programs, particularly (though not exclusively) at the residential level, would advance local, statewide and national energy, economic, and environmental policies through (a) improving energy efficiency in end uses of energy resources, (b) reducing greenhouse gas emissions, and (c) creating green-collar jobs. Further, the Settlement is consistent with Commission policy, rules and practices encouraging negotiated settlements that avoid the time, expense, and uncertainty of litigation. 52 Pa. Code §§ 5.231, 69.391, 69.401.

A. Energy Efficiency

The U.S. Department of Energy ("USDOE") has analyzed residential retrofit programs around the country and has found that the residential retrofit programs that have been the most

successful in achieving savings have been the programs that targeted the least efficient houses and concentrated on the most basic work: air-tight ducts, windows and doors, insulation, and caulking. The work to be performed under the residential programs in the DSM Plan, as proposed and as set forth further in paragraphs 24(a) and 24(b) of the Settlement, closely tracks the work that USDOE has identified as characteristic of the most successful residential retrofit programs, in terms of savings achieved. Indeed, the usage reductions projected from the Enhanced Low Income Retrofit Program (which would expand the services provided to low income customers enrolled in PGW's existing low-income CAP, known as the Customer Responsibility Program ("CRP")) will benefit all firm non-CRP customers, who currently subsidize the bills of CRP customers through the Universal Service Charge.

Further, PGW has agreed in the Settlement that the Enhanced Low Income Retrofit Program will be fully funded for the first two years of the five-year DSM Plan. This commitment represents a tripling of the annual budget for the CRP Conservation Works Program from historic levels of around \$2 million per year, and will enable PGW and its contractors to implement weatherization measures in more low-income households that otherwise would not be able to afford them. This will vastly increase the number of PGW customers who will be able to reduce their gas usage.

The DSM Plan also includes the Comprehensive Residential Heating Retrofit Program ("CRHRP"). This program will be offered to non-low income high-use customers (approximately 40% of customers with the highest natural gas usage), and is identical to the LI Retrofit. Under paragraph 24(f) of the Settlement, CRHRP participants will receive an initial home energy audit for a "modest fee" that will be determined as PGW develops its CRHRP Implementation Plan. The Council believes that making these efficiency measures available to

the broadest possible population is the key to the success of the DSM Plan. As such, the Council was greatly concerned that the contemplated “modest fee” not be set so high that prospective CRHRP customers– who may be living at lower income levels – meet financial obstacles to participation. Accordingly, the Council fought for and obtained the agreement of all parties, as embodied in paragraph 24(f) of the Settlement, that in setting the “modest” initial energy audit fee, PGW would consider affordability to its lower income residential customers to avoid pricing those customers out of this critical step toward bringing greater efficiency to their homes.

B. Environmental and Health Benefits

The projected reductions in PGW customers’ usage of natural gas (and electricity, through PGW’s commitment in paragraph 24(d) of the Settlement to deliver and install compact fluorescent lamps where PECO agrees to provide or pay for such devices, to replace less-efficient incandescent bulbs in customers’ homes) will also lead to reductions in the greenhouse gas emissions that are created whenever humans burn fossil fuels. This will have two positive environmental benefits that are consistent with local, state, and federal policies. First, the region’s air quality will be cleaner because as customers use less natural gas and electricity, it will reduce the emissions of common air pollutants (also known as “criteria air pollutants” and including particulate matter, nitrogen oxides, sulfur dioxides, and ground-level ozone, as well as lead and carbon monoxide) resulting from (a) the combustion of natural gas for heat and appliances in residential, commercial and industrial settings and (b) electric power generating plants. These benefits are consistent both with Philadelphia’s mission to become the greenest city in America, and with state and federal policies favoring clean air and reduced carbon emissions. Moreover, cleaner air will improve health and life expectancy throughout the region,

particularly for the millions of people in our region who already suffer from asthma or other respiratory problems.

Second, the consensus of climate scientists is that human-caused emissions of carbon dioxide, a known greenhouse gas that is a byproduct of the burning of fossil fuels, are one of the primary drivers of increasing global temperatures, commonly known as global climate change or global warming. Thus, reductions in our region's carbon emissions will help stave off continued warming of the Earth and fight climate change before increasing temperatures reach a critical tipping point – a key goal of our national, state, and local climate policies, and critical to our region's continued health. Reducing the emissions that are the key contributors to global warming also has important implications for our region's economic well being, because unchecked climate change could create dislocations in our regional economy and adaptations could be significantly expensive.

C. Economic Benefits

Implementation of the DSM Plan as proposed and set forth in the Settlement would also create numerous green-collar jobs in the Philadelphia region, as PGW's vendors hire and train new employees to perform the weatherization and other retrofitting services that the DSM Plan contemplates providing to thousands of customers. Thus the Settlement, by bringing the DSM Plan to fruition, will create regional economic benefits above and beyond the efficiency and cost savings from reduced usage.

D. Other Benefits of the Settlement

PGW has agreed to file detailed plans for the implementation of each of the proposed DSM programs and has committed to working with all interested parties in the development of those implementation plans. If the Commission approves the Settlement and specifically PGW's

DSM Plan, the Council intends to participate in the development of these implementation plans for the approved programs and to monitor the implementation of the DSM Plan in a manner that protects the public interest in achieving the DSM Plan's three primary goals of energy efficiency, environmental and health benefits, and economic benefits for the region.

III. CONCLUSION

The Settlement allows PGW to move forward with the implementation of a robust DSM Plan for multiple customer classes that will lead to increased energy efficiency, reduce consumption of natural gas, reduce the creation of greenhouse gases that contribute to global warming, reduce air pollutants in the Philadelphia region and thus improve the region's overall health, and create hundreds of new jobs in the Philadelphia region (including green collar jobs) and thus improve the region's economy. Further, the Settlement's provisions regarding the DSM Plan are protective of lower income residential customers. Accordingly, the Council believes that the Settlement adequately addresses the issues that the Council has identified and pursued in this proceeding, and is in the public interest. The Council supports the Settlement as a reasonably balanced resolution of the numerous issues in this proceeding and requests that the ALJ and the Commission approve the Settlement.

Respectfully submitted,



ADAM H. CUTLER, ESQUIRE
PA Attorney I.D. No. 76605
Public Interest Law Center of Philadelphia
1709 Benjamin Franklin Parkway, Second Floor
Philadelphia, PA 19103
Counsel for Intervenor Clean Air Council

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