


COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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March 10, 2021

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

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:

Attached for electronic filing please find the Office of Consumer Advocate's Revised Statement in Support of Settlement in the above-referenced proceeding.

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Christy M. Appleby  
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Enclosures:

cc: The Honorable F. Joseph Brady (**email only**)  
Certificate of Service

\*304841

CERTIFICATE OF SERVICE

Re: 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 :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Revised Statement in Support of Settlement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 10<sup>th</sup> day of March 2021.

**SERVICE BY E-MAIL ONLY**

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Dated: March 10, 2021  
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**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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REVISED  
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 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 Plan estimates that over the FY21-FY23 program, the Smart Thermostat program will provide annual savings of 34,089 MMBtus and lifetime savings of 374,977 MMBtus. Plan at 23. For the low-income component of the Smart Thermostat program, PGW proposes a budget of \$60,000 per year, or approximately 2.84% of the total Residential Equipment Rebate program budget of \$2,115,934 for FY2021-2023. Settlement at ¶ 13(b). With this budget, 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 Settlement will add an important 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 (emphasis added). PGW's as-filed Plan did not include any provisions specifically directed towards low-income customers. The low-income component under the Settlement will allow low-income customers to share in the proposed annual savings of 34,089 MMBtus and the lifetime savings of 374,977 MMBtus of the Smart Meter Thermostat program. See, Plan at 23.

The no cost provision will address a concern of the OCA and CAUSE-PA in this proceeding. Low-income customers must pay the costs of the program, but the as-filed Plan did not provide low-income customers with meaningful access to the proposed Demand Side Management programs. See, CAUSE-PA St. 1 at 10-11. As CAUSE-PA witness Grevatt testified, "these programs rely on customers being able to contribute to the cost of the efficiency measures." CAUSE-PA St. 1 at 10. Low-income customers do not typically have the resources to be able to make that contribution for the estimated \$100 cost of the Smart Meter Thermostat. See, Settlement

at ¶ 13 (b). The Smart Meter Thermostat program will provide low-income customers with access to an energy efficiency measure that would otherwise be outside of the ability for low-income customers to afford.

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). The Settlement will provide for the installation of the Smart Thermostats for low-income customers and education about how to achieve the savings at the time of the installation. Settlement at ¶ 13(a). Installation of the Smart Thermostats by the contractor will ensure that the Smart Thermostats are properly installed, if the customer does not have sufficient knowledge to self-install, and will provide low-income customers with the knowledge to be able to effectively use the Smart Thermostats to achieve savings.

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. Under the Plan, the Company proposes to offer discounts to all residential customers on 4,310 pieces of equipment. Plan at 15. The Settlement provides that the first 400 pieces of equipment, or 9.28% of the equipment, will be offered to CRP customers or LIHEAP recipients at an enhanced discount. Plan at 15; Settlement at ¶ 18. The increased incentives will include residential furnaces, residential boilers, combi boilers, and tankless water heaters. Settlement at ¶ 18. The increased incentives provide a no-cost or low-cost incentive for many of the pieces of the premium natural gas energy efficiency



appliances. For example, the increased incentives will pay \$700, or approximately 98% of the estimated incremental \$718 cost for a Residential Furnace, Initial Unit, and will pay 100% of the costs of the estimated \$627 cost of the tankless water heater. Settlement at ¶ 18. The enhanced low-income discounts under the Residential Equipment program will allow low-income customers a greater opportunity to share in the estimated FY21-FY23 annual savings of 50,297 MMBtus and lifetime savings of 1,039,838 MMBtus for the program. Plan at 15.

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. The report will allow the Commission and the stakeholders to be able to assess the effectiveness of Smart Thermostat and Residential Equipment rebates for low-income customers and will allow all interested stakeholders to more effectively evaluate the program in the future.

Moreover, the additional reported information regarding customer participation in the Smart Thermostat and Residential Equipment Rebates will help to inform the future stakeholder collaborative. 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. Paragraph 19 will provide the parties the opportunity to use the information provided in the evaluation of the Smart Thermostat program, in particular, to be able to provide informed input regarding the next DSM Plan. The Company will be able to hear ideas from stakeholders and incorporate those ideas, as appropriate, into the next DSM Plan.

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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.

The OCA submits that the Settlement addresses the OCA's and CAUSE-PA's 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 format instead of an 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. A specific timeline for the stakeholder meeting has not yet been established, but the purpose of the stakeholder meeting will be to provide a forum for PGW and interested stakeholders to provide input to the Company regarding the methods, strategies and techniques planned as the Company executes its virtual approach to achieving energy savings. The OCA anticipates that such a stakeholder meeting would be held early enough

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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.

in the process to allow the stakeholders to provide meaningful input into the going-forward program. 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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