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September 23, 2022

**Via Electronic Filing**

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

**Re: Philadelphia Gas Works Universal Service and Energy Conservation Plan 2023-2027,  
in Docket No. M-2021-3029323**

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Dear Secretary Chiavetta:

On behalf of Philadelphia Gas Works (“PGW” or the “Company”), enclosed please find the Company’s Reply Comments. Please note that, by Secretarial Letter dated September 9, 2022, PGW received an extension of time to file these reply comments.

If you have any questions or concerns, please contact me at

Respectfully,

/s/ Craig W. Berry

Craig W. Berry, Esquire

Enclosure

cc: Certificate of Service w/encs.  
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## CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Reply Comments upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

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/s/ Craig W. Berry  
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**PGW Response to August 30, 2022 Comments Made by OCA and other parties re PGW's Proposed 2023-2027 Universal Service and Energy Conservation Plan (Proposed 2023 USECP)**

**I. Introduction**

On October 29, 2021, PGW filed its Universal Service and Energy Conservation Plan (“USECP”) for 2023-2027, at Docket No. M-2021-3029323. On June 16, 2022, the Commission issued an Order Directing Supplemental Information and Establishing a Comment Period. On June 28, 2022, by Secretarial Letter, the Commission granted PGW’s June 24th request for an extension to file supplemental information. On July 12, 2022, by Secretarial Letter, the Commission granted CAUSE-PA’s July 5th request for an extension to file comments. On July 21, 2022, PGW filed the Company’s Supplemental Information as requested in the June 16, 2022 Order.

On August 30, 2022, the Office of Consumer Advocate (“OCA”) filed Comments (“OCA Comments”); Tenant Union Representative Network (“TURN”) and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) (collectively, “Low Income Advocates”) filed Comments (“Low-Income Advocates Comments”); and POWER Interfaith filed comments (“POWER Comments”).

In anticipation of filing this Plan, PGW engaged in informal meetings with Community Legal Services (“CLS”), OCA, and the Public Utility Law Project (“PULP”) about certain proposed changes to PGW’s USECP. As set forth in the USECP, CLS and PULP indicated that they supported certain changes, while reserving their rights to respond to any alterations or additions to them.<sup>1</sup> CLS and PULP have gone on to represent TURN and CAUSE-PA respectively in this proceeding, where they are jointly litigating as Low-Income Advocates.

PGW has made substantial proposed refinements to the USECP in order to increase eligibility, provide new and improved services for low-income and in-need customers, and increase outreach. Pursuant to its Commission-approved Tariff, PGW recovers CRP and Home Comfort costs through a Universal Service and Energy Conservation Surcharge. PGW seeks to

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<sup>1</sup> PGW’s USECP for 2023-2027, at 4.

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continue to balance the breadth of its universal service programs with the cost of these programs which are paid by non-CRP ratepayers.<sup>2</sup>

As discussed further below, PGW's reply comments address the most substantive issues raised by the Low-Income Advocates and OCA (collectively, "commenters").

As a preliminary matter, PGW notes that, as stated in its USECP, it is in the process of replacing its Customer Information System ("CIS") and modifications resulting from this USECP that require customer information system changes will need to be delayed until after implementation of the new system.

Also, commenters have made suggestions that will require PGW to increase the ratepayer costs for its universal service programs. Despite significant and costly changes already having been made by PGW in the 2017-2023 plan, additional changes are now being proposed by commenters that would further increase costs. These changes are being proposed without the commenters showing value to support the proposed changes – such as the impact in terms of number of customers, the benefit to those impacted, and the related costs of implementation and operation.

When considering the comments of OCA and other intervenors, PGW respectfully requests that the Commission examine the potential costs of copious unsupported revisions, demands for information and litigation, and recommended changes and weigh those costs against the nominal benefits to customers. PGW respectfully submits that its USECP already strikes a reasonable balance between these competing interests and asks that it be approved as filed with the modifications proposed by PGW.

## **II. Reply to Specific CRP Issues Raised**

Despite the Commission's Customer Assistance Program ("CAP") Policy Statement being intended to act as a guideline for utilities, many of the comments provided in response to PGW's

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<sup>2</sup> See *2019 Amendments to Policy Statement on customer Assistance Program*, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599, Final Policy Statement and Order (entered Nov. 19, 2019), at 8 ("The Commission balances the interests of customers who benefit from CAPs with the interests of the other residential customers who pay for such programs.") (hereinafter, "CAP Policy Statement").

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USECP reference the CAP Policy Statement and base proposals for changes to PGW's USECP on it as if it were law. The CAP Policy Statement was intended to act as a guideline for utilities to incorporate into their own USECPs. It is a policy statement and not the result of a rulemaking. Policy statements are not law, and any assertion of by commenters to the contrary is incorrect.<sup>3</sup>

The Commission itself noted in the CAP Policy Statement, “[i]n a proceeding at Universal Service Rulemaking, Docket No. L-2019-3012600 (Universal Service Rulemaking), the Commission will address universal service regulations, including whether to promulgate any of these CAP policy provisions as regulations. That rulemaking will provide opportunity for additional input from stakeholders.” Thus, recognizing that the CAP Policy Statement is a guideline, and that it is the outcome of Docket No. L-2019-3012600 that will drive policy-driven substantive changes to universal service programs across the Commonwealth.

**A. Zero Income**

OCA disagrees with PGW's treatment of monetary support from a “friend” or “family member” as income and submits that the Commission should exclude familial or friend assistance as income and should only request information for the past 30 days. They also submit that PGW's use of the term “on-going support” is vague.

PGW disagrees with OCA's recommendation. As stated in the Supplemental Information provided on July 21, 2022, PGW does not consider continuing support from a friend or family member as zero-income. Ongoing support from a friend or family member is money regularly coming into the household and should be used in determining the customer's monthly payment under the CRP. The CRP monthly bill for a customer who has zero-income is \$25. As detailed above, the CRP forgiveness and discount (the difference between the customer's CRP bill and actual usage) is paid by PGW's non-CRP rate payers. Customers who are receiving ongoing monetary support from a friend or family member (or anyone else) are not living on zero income. The zero income \$25 monthly bill should only be made applicable to customers who truly need

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<sup>3</sup> See *2019 Amendments to Policy Statement on Customer Assistance Program*, 52 Pa. Code § 69.261-69.267, Docket No. M-2019-3012599, Order on EAP Reconsideration and Clarification (entered Feb. 6, 2020), at 11-12 (clarifying that utility compliance with the amended CAP Policy Statement is not mandatory) (“Reconsideration Order”).

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this level of assistance. OCA provides no clear rationale for why it should be otherwise. For example: Household A functions on \$1000 a month from a family member who does not live there but is “helping out.” Household B functions on \$1,000 a month from the employment of someone who lives there. OCA has provided no reasonable explanation for why Household A should pay less under CRP than Household B or for why PGW’s non-CRP ratepayers should pay for the distinction.

**B. Unearned Income**

OCA also asserts that PGW’s position on unearned income for a minor is incorrect. OCA claims that PGW’s policy conflicts with the CAP Policy Statement and that the Chapter 14 definition of household income applies to CAP eligibility. These OCA claims are misleading.

CAP requirements are not set forth in the CAP Policy Statement, they are set forth in each utility’s PUC approved USECP. Further, Chapter 14 definitions apply to the provisions of Chapter 14, not Universal Service eligibility. PGW’s calculation of household income includes the total gross income for household members and mirrors the calculation technique utilized by other state and federal assistance programs such as the Low Income Energy Assistance Program (“LIHEAP”), which also includes the unearned income of a minor. PGW’s position is that such income comes to the household in order to cover the living expenses of a minor, which includes utilities. In this way, it is no different than child support or wages. It is not income earned by a minor. The fact that it is unearned income in no way changes that it is income intended for the support of a minor and is used to support the minor in the same way that a caretaker’s earned income supports the minor. It would be fundamentally unfair to count the caretaker’s wages as income and not count unearned income for a minor as income when both income streams are used for similar purposes.

**C. 30 days or 12 months**

OCA did not object to PGW using the lesser of the last 30 days’ income annualized, the year-to-date gross income annualized, or the actual prior 12 months’ worth of income as documented by the household. However, OCA recommended that PGW aligns itself with the CAP

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Policy Statement and update Income Documentation to be that of either 30-days or 12-months of income, at the election of the customer.<sup>4</sup>

PGW disagrees with this recommendation. A customer's income represents their ability to pay their natural gas bill as best as they are able. Their income is not a number to be optimized to obtain the lowest possible CRP payment to the detriment of non-CRP customers. PGW contends that a customer should provide accurate income information to the best of their ability and not be able to choose what time periods to provide in order to maximize their benefits received. A teacher who is not low income may choose to receive their annual salary throughout the school period as opposed to across all 12-months. In this situation, they may have zero income for some summer months and would, during those months, appear to be eligible for CRP when they are not. OCA's recommendation is tantamount to encouraging customers to game CRP to the disadvantage of other ratepayers.

**D. CRP Final Billing**

In its comments, OCA initially submits that a customer does not stop being a customer until 30 days after the final bill is issued and that if they are enrolled in CRP at the time of termination, they are a CRP customer until 30 days after the final bill is issued. Later, OCA suggests that a customer should be charged either as a CRP customer or as a non-CRP customer depending on the final bill amount. Finally, OCA recommends that the Commission direct PGW to provide CRP arrearage forgiveness through the issuance of a final bill. PGW does not believe that the amount of a customer's final bill should determine whether they are still a CAP participant. OCA's proposal with respect to CAP final billing is convoluted and systematically complicated. As stated above, PGW is in the process of replacing its CIS. PGW expects to implement its new CIS in the fall of 2023 and requests that any changes to the final billing of CAP customers occur after that implementation.

OCA also commented that it is not clear whether PGW imposes Late Payment Charges ("LPCs") on the arrears appearing on the final bill, since the customer is no longer a CRP participant. To clarify, if the customer is still enrolled in CRP before termination, then no LPCs

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<sup>4</sup> OCA Comments, at 9.

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are assessed. This includes, but is not limited to, scenarios where the customer's service is terminated due to non-payment.

**E. Security Deposit**

OCA argues that PGW's current practice of using the security deposit to reduce a customer's pre-CRP arrears prior to CRP enrollment is not allowed under the Commission's regulations. OCA proposes that the Commission direct PGW to provide customers with an option of whether to receive a refund of the security deposit or to apply the amount to the customer's pre-CRP balance. In support of its position OCA cites 52 Pa. Code § 56.32(e) which states:

Notwithstanding subsection (a), a public utility may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the public utility if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the public utility's customer assistance programs.

PGW disagrees that 52 Pa. Code § 56.32(e) applies to the situation being discussed. OCA is misapplying 52 Pa. Code § 56.32(e) by attempting to apply it to a situation it is not meant to cover. PGW does not collect security deposits from customers who provide information establishing that they are low income. PGW does collect security deposits from customers who provide information establishing that they are not low income, when appropriate. OCA is trying to contort 52 Pa. Code § 56.32(e) to apply to what should happen after a security deposit is collected, which is unnecessary given that 52 Pa. Code § 56.53(f) clearly addresses the issue. 52 Pa. Code § 56.53(f) states:

If a customer becomes delinquent before the end of the deposit holding period as established in subsection (a), the public utility may deduct the outstanding balance from the deposit.

PGW uses the security deposits collected from non-low income customers who later become low income in the same way it uses the security deposits collected from customers who do not become low income, which is consistent with the requirements of 52 Pa. Code § 56.53(f).

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OCA has provided no reasonable explanation for why PGW should stop following 52 Pa. Code § 56.53(f) with respect to security deposits collected from customers who later become low income, especially in light of the fact PGW's current practice is consistent with the applicable regulation and mitigates the cost of CRP forgiveness recovered as part of the USECP.

**F. Stay-Out Provision**

It was suggested that PGW remove the stay-out period for customers who voluntarily remove themselves from CRP, but later seek to reapply. The stay-out provision has already been addressed in the PUC Order approving PGW's USECP for 2014-2016<sup>5</sup>, wherein the Commission approved the one-year stay-out period. The stay-out provision is intended to deter customers from enrolling in CRP during the winter months when the CRP rate is lower than their actual usage and then leaving the program in the summer when the CRP rate is higher than their actual usage. Such behavior increases the cost of CRP for all non-CRP customers and is unfair to the ratepayers who subsidize CRP, many of whom are low income themselves.

**G. Fair Credit Reporting**

OCA alleges that PGW's USECP language gives the appearance that PGW is permitted to use any external sources. They also note that the USECP does not include information about providing customers with their Fair Credit Reporting Act ("FCRA") rights in writing before removing them from CRP.

OCA submits that the Commission should direct PGW to clarify its language with respect to the use of external third-party sources and that those sources should be limited to governmental agencies. Specifically, that PGW should be directed to discontinue using non-governmental sources of income and household composition data to verify income.

PGW does not use credit reporting agencies to verify household composition or income. PGW's USECP sets forth how PGW would use credit reporting agencies and how it provides related FCRA rights to customers.

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<sup>5</sup> See Docket No. M-2013-2366301.

Specifically, paragraph 10 of the USECP states:

Periodically, PGW conducts reviews of CRP accounts utilizing credit reporting agencies to verify residency and perform death audits. Upon discovery of fraud or death as a result of using a credit reporting agency, PGW will notify the identified CRP customers in writing of the company's findings, a description of Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.) rights, and of their right to dispute the information gathered from the credit reporting agency with PGW within 30 days prior to being removed from the program.

**H. Make Non-Heating Accounts Eligible for CRP**

It was proposed that PGW allow non-heating accounts to enroll in CRP to obtain arrearage forgiveness. The exclusion of non-heating gas accounts is consistent with the Commission's CAP Policy Statement as it excludes non-heating accounts by not providing an energy burden for non-heating gas customers. PGW provided redlines of its proposed USECP changes to both TURN and CAUSE-PA during PGW's last USECP wherein non-heat accounts were not included in CRP eligibility.<sup>6</sup>

**I. Make CRP Online Portal Available without Creation of an Account**

It was proposed that PGW should make its CRP application available online to customers without them having to create a username and password for PGW's customer web portal.

PGW disagrees with this proposal. Requiring a username and password is not burdensome and is intended to protect the customer. Registering with PGW's customer web portal helps PGW verify a CRP applicant's identity and prevent fraud on the customer's behalf, including those protected by a PFA. Moreover, if a customer does not have access email, there are various other methods to apply for CRP as detailed in PGW's USECP.

PGW also notes that it was suggested that PGW set up a dedicated fax number to provide Community Based Organizations ("CBOs") with a more direct way to submit customers' CRP

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<sup>6</sup> See Redline copy of PGW's USECP for 2017-2022 attached to the initial filing, and Addendum to PGW's USECP for 2017-2022.

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applications. This change is included in the 2017-2022 USECP settlement proposal currently awaiting final Commission approval for implementation.

**III. Reply to Specific LIURP Issues Raised**

**A. LIURP Budget**

In response to the Low-Income Advocates’ request for additional funding for LIME, PGW could agree to make the below budget modification:

	<b>CY 2023</b>	<b>CY 2024</b>	<b>CY 2025</b>	<b>CY 2026</b>	<b>CY 2027</b>
<b>Budget</b>	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818	\$7,988,818
<b>Single Family Home Comfort</b>	\$7,508,770	\$7,508,770	\$7,508,770	\$7,508,770	\$7,508,770
<b>LIME</b>	\$230,048	\$230,048	\$230,048	\$230,048	\$230,048
<b>Repair and Renew</b>	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
<b>Single-Family Enrollment</b>	2,514	2,514	2,514	2,514	2,514
<b>LIME Enrollment</b>	6 – 8	6 – 8	6 – 8	6 – 8	6 – 8

PGW seeks to keep the program budget at its current funding level of \$7,988,818. PA Code § 58.4 states:

Annual funding for a covered natural gas utility’s usage reduction program shall be at least .2% of a covered utility’s jurisdictional revenues. Covered gas utilities shall submit annual program budgets to the Commission. A covered gas utility will continue to fund its usage reduction program at this level until the Commission acts upon a petition from the utility for a different funding level, or until the Commission reviews the need for program services and revises the funding level through a Commission order that addresses the recovery of program costs in utility rates. Proposed funding revisions that would involve a reduction in 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.

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PGW’s budget is 1.24% of PGW’s FY2021 total operating revenues, which were \$646,747,000.<sup>7</sup> In addition, per the PUC’s Universal Service Report for 2020 (“PUC Universal Service Report”), PGW’s LIURP budget percentage is the largest natural gas utility LIURP budget in Pennsylvania, and the second largest of all Pennsylvania utility LIURP budgets. Increasing the budget further, which PGW would have to do to comply with what the Low-Income Advocates have requested, would increase the Universal Services surcharge paid by all other customers. Per the PUC Universal Service Report (Appendix 7), PGW residential ratepayers already pay the highest spend in Pennsylvania.

**B. Definition of Single-family & Multifamily Properties, LIME Budget and Protocols**

In response to concerns that were raised with respect to PGW’s definition of a multifamily property, which was described as “too broad,” PGW could agree to the following:

1) Single family

Per prior PUC Order, Home Comfort defines “single family” as any housing unit which is:

- Physically detached from any other housing unit (no building surfaces are common to any other housing unit or commercial space); OR
- Physically attached to another housing unit or commercial space but with boundary walls extending from the ground to the roof (no housing units, commercial spaces or common spaces above or below”); AND
- Directly accessible from the outdoors without using a space shared by another housing unit or commercial space; AND
- Supplied with space and water heating with its own individual mechanical system(s).

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<sup>7</sup> PGW 2021 Annual Comprehensive Financial Report, page 20  
[https://www.pgworks.com/uploads/pdfs/Philadelphia\\_Gas\\_Works\\_2021\\_ACFR\\_-\\_FINAL.pdf](https://www.pgworks.com/uploads/pdfs/Philadelphia_Gas_Works_2021_ACFR_-_FINAL.pdf).

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Single family properties may receive all program measures, including air sealing, insulation, heater and hot water heater upgrades. All energy efficiency measures installed in the building will only benefit the customer.

Going forward, PGW proposes to adding duplexes to its single-family definition:

2) Duplex

Home Comfort defines a duplex as a property that is:

- Physically attached to another housing unit or commercial space; AND
- In a building with two units or less AND;
- Supplied with space and water heating with its own individual mechanical system(s).

Duplex units in Home Comfort may receive energy efficiency measures that directly benefit the customer. This may include air sealing, heating system replacements, thermostats and more. PGW would not install measures that require access to other units or provide significant benefit to the other unit. For example, if the customer on the first floor is the Home Comfort customer, PGW may perform air sealing around that customer's apartment but would not install insulation on the roof above the second-floor tenant. If a conservation service provider ("CSP") has scheduled an energy assessment with a customer who lives in a duplex, and has received the landlord's consent to treat, the CSP would inform PGW. If PGW finds that the other unit's customer is confirmed low income and their usage is within the top 50% of low-income customers, PGW would treat both units.

This change would expand Home Comfort to include treatment for two-unit buildings, which are a common form of multifamily building in Philadelphia. Generally, buildings with two units have been too small to be included in LIME projects. Thus, the new definition expands Home Comfort services and would help reach customers who were previously not being served by these programs.

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In response to the concerns raised regarding treating more multifamily buildings in Philadelphia, PGW could agree to increase the portion of the \$7,988,818 LIURP budget that allocated for LIME, increasing the LIME budget from \$120,048 to \$230,048, which is an amount PGW expects it would be able to spend. To ensure adequate participation under the increased budget, PGW will enhance its marketing efforts for LIME, both internally and as part of a potential cross-utility collaboration with PECO.

However, in order to accommodate the larger budget and ensure ample leads, PGW proposes waiving the existing cost-sharing requirement for property owners with non-low-income residents living in the property for installation of energy efficiency measures in common areas, property heating system upgrades, and water heating system upgrades. This modification would be necessary for PGW to meet the proposed increased spend. Currently, building owners are required to pay 66% of costs for common areas or work performed in non-low-income units. PGW has screened multiple projects over the years that were feasible but could not be completed because the building owner was not willing to pay a \$3,000 - \$5,000 cost share. Under this new change, building owners can make the choice of whether to pursue in-unit measures like thermostats and faucet aerators for non-low-income tenants and pay the 66% cost share for the non-low-income tenants, or they could just install in-unit measures for confirmed low-income customers and not pay any cost share. These changes would facilitate an expected increase in participation from 2-4 buildings per year to 6-8 building per year and would create the ability to engage more building owners who were previously unaware of the program or unwilling to collaborate due to the cost share structure.

PGW proposes to retain the eligibility requirement, that over 75% of customers must meet the low-income definition (income below 150% of federal poverty level).

**C. Landlord Approval Process**

In response to concerns raised regarding the language in PGW's landlord authorization form, PGW proposes the following revision, which adds a line to the landlord authorization form for both single family Home Comfort and LIME stating:

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Any warranties for equipment and materials installed shall be assigned to the Owner. <CSP> will provide a one-year workmanship warranty on the work performed, and any defects in the work caused by improper installation shall be corrected by <CSP> for a period of one (1) year from the agreement date.

PGW does not propose modifying the language in the landlord agreement that addressing indemnification and limitation of warranty. PGW has no evidence that this language has had a chilling effect on program participation. If PGW is required to remove this language, it would request cost recovery for any related expense/liability.

**D. Usage Requirement: Coordinate LIURP Services**

The Low-Income Advocates have pointed out that PGW's policy is that any low-income customer in the top 50% of gas usage is eligible for Home Comfort services, but that, in practice, PGW only assigns the top 25-30%, leaving the 31-50% bracket without treatment. This is the result of how PGW's selection protocols work as well as the need for practicality in allocating resources. When assigning customers to CSPs for treatment at the start of each year-long selection cycle, PGW provides a list of roughly 5,000 customers to each CSP. The CSPs then contact these customers in order of usage amount. This reflects requirements in PA Code 52 § 58.10. (1), to prioritize "Among eligible customers, those with the largest usage and greatest opportunities for bill reductions relative to the cost of providing program services shall receive services first." As it stands, no CSPs are able to fully exhaust their list by the end of the selection cycle; the list already provides more potential cases than a CSP could feasibly treat. As such, even if PGW included the full top 50% of users in its lists to CSPs, there would be no chance of the lower usage customers receiving treatment.

However, PGW does assign some customers within the 31-50% usage bracket for treatment. This occurs as a result of collaboration with the Philadelphia Energy Authority's Built to Last program, in order to facilitate more comprehensive collaborative treatment. PGW screens any customer who is referred by a partner agency and will treat them if they are within the top 50% of energy users. This is a reasonable way to coordinate with other utilities and existing community resources.

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The Low-Income Advocates also posed questions relating to PGW's collaboration with other agencies. The following points address these questions:

- In order to avoid duplication, PGW specifically provides a separate list of customers to each of its three CSPs. PGW also regularly performs joint energy audits with PECO through a shared CSP, in PECO's Act 129 program. The cost for the audit is reduced by 30% for both PGW and PECO. This coordination resulted in PGW addressing the needs of 437 homes in 2021 alone.
- The difficulty PGW has had with finding customers who qualify for multiple programs is the result of the different enrollment procedures and eligibility requirements for those programs. Partner agencies that could coordinate this type of work are often understaffed and cannot dedicate the administrative effort required for coordination.
- PGW will coordinate the Home Comfort program with its Repair and Renew and Health and does coordinate with the Safety pilot programs. In cases where an energy audit determines a need for either pilot program, work done through the pilot is used to facilitate further work under Home Comfort.

**E. Re-Weatherization Eligibility**

PGW has two scenarios in which it will treat a property less than seven years after the previous treatment. One is in cases where customers resolved a health and safety issue that had previously prevented completion of treatment. The other is in cases where a property is eligible for services from another agency – this can occur through the Built to Last program, for example. While PGW has reopened cases many times in response to customers resolving health and safety

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issues, the second scenario has only come up a handful of times, but always remains a possibility as such collaboration is beneficial for both PGW and the customer.

**F. Quality Control and Contractor Requirements**

The Low-Income Advocates are concerned that PGW's sampling methodology does not provide an accurate, holistic picture of how well PGW's Home Comfort measures and services are achieving their goals. While some jobs are selected for evaluation randomly, PGW's other criteria triggering evaluation may skew program data by focusing on cases where the type of inspection is based on certain measure criteria that may be triggered by unique projects or specific customer complaints.

To clarify PGW's approach to inspections, the policy of inspecting 10% of treated homes is simply a way to gain a large enough sample size to assess how well CSPs are performing, which, in turn, is used to inform trainings and discover programmatic issues. Cases selected for inspection have usually been treated in the past two months, unless there are not enough cases available to inspect for a given month, in which case the time window is broadened. The need for such broadening rarely occurs.

The homes in PGW's service territory present significant challenges, including health and safety issues. A flexible and nimble approach to inspections allows PGW to better understand and correct issues in real time and align PGW's inspections with trainings and program improvements. For example, if PGW finds that one or multiple CSPs are having issues with an air sealing-related issue, it would be beneficial to increase the number of jobs inspected with significant air sealing and shadow CSPs in the field when air sealing.

There is no LIURP regulatory obligation to provide disaggregated reporting on inspections.

**G. Total Resource Cost Waiver and Health and Safety Pilot Program**

Regarding the comments submitted concerning PGW's methodology for determining programmatic cost effectiveness, PGW maintains that its current process, the Total Resource Cost method ("TRC"), is preferable to the simple payback method and will allow the program to continue to maximize the delivery of cost-effective service as well as deep energy savings to its

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customers. While both methods have their advantages, the TRC approach is more closely aligned with the “house as a system” philosophy PGW adheres to with respect to LIURP, and which is considered an industry best practice for residential energy efficiency retrofit programs.

The primary advantage TRC holds over the simple payback method is its holistic approach. Because TRC relies on an overall cost effectiveness calculation as opposed to a measure-specific calculation, it allows CSPs more flexibility in addressing customers’ needs. For example, while a new high-efficiency boiler may not meet the cost effectiveness threshold under the simple payback method as a standalone measure, a CSP may be able to justify the installation of the boiler if other, more cost-effective work being performed in the home boosts the overall cost effectiveness over the TRC threshold for the entire project. CSPs can generate adaptable work scopes for each customer that address areas of the home that will gain the most benefit from energy conservation treatment.

PGW is pleased that the Low-Income Advocates strongly support PGW’s Health and Safety program as an effort to remediate health and safety issues in the home that prevent installation of comprehensive energy efficiency and weatherization services for high-usage low-income households. To ensure that Health and Safety funds are used responsibly in the homes where they can have the most impact, the program is assessed using TRC. PGW’s Health & Safety Pilot allows for up to \$3,000 in funding per household to address issues that would otherwise prevent treatment.

Although the suggestion to allocate a fixed budget of \$600 per home towards health and safety repairs would be logical if the program were to switch to a simple payback method, under the TRC method with supplemental Health & Safety Pilot funding, this fixed amount would be a substantial decrease from the \$3000+ per home that is currently available for these types of treatments. Lastly, Home Comfort CSPs are required to install basic health and safety devices (i.e. carbon monoxide detectors) in all customers’ homes, regardless of the impact on cost effectiveness, and are also similarly required to repair and/or report any imminently dangerous conditions in customers’ homes.

## **H. Continuation of the 7 Year Payback Period Waiver**

TRC favors projects with long-measure lifespans (i.e., HVAC upgrades, roof insulation, etc.), which are known to provide the longest lasting and most significant savings for program participants as well as the optimal long-term results for all ratepayers. Similarly, many energy efficiency industry experts describe the simple payback method of calculating cost effectiveness as overly simplistic and short-sighted due to its emphasis on measures that meet 7- or 12-year payback periods, whereas the energy efficiency measures that yield the greatest savings typically have longer lifespans. The simple payback method is also more likely to experience fluctuation due to factors such as volatility in gas rates and economic inflation, which makes the simple payback method more challenging to implement equitably over the long term. Additionally, as was noted by OCA, the “waiver has provided a benefit to LIURP customers by allowing additional homes to be treated with deeper measures that might not otherwise qualify under the existing regulations but that are nevertheless cost effective.”

## **IV. Reply to Specific Hardship Fund Issues Raised**

### **A. Ratepayer Hardship Funds Contributions**

It has been recommended that PGW be required to develop additional methods for soliciting voluntary ratepayer contributions for its Hardship Fund including, but not limited to, the use of bill inserts and other donation solicitations. It has also been recommended that PGW be required to work with its Advisory Group to determine other methods of effectively soliciting voluntary ratepayer contributions for the Hardship Fund. Neither of these are necessary as, unlike most or all other utilities, PGW's hardship fund is already wholly funded by its ratepayers.

Additionally, it has been recommended that PGW work to expend its full Hardship Fund budget regardless of available matching dollars raised through ratepayer contributions or through UESF. PGW is currently addressing this in its proposed Hardship Pilot where PGW proposed to pilot the utilization of a portion of the unused matching grants, up to \$100,000.

**B. Income Documentation**

It has been recommended that PGW implement the income and identification documentation standards utilized for CRP for its Hardship Fund. It has also been recommended that if a customer is enrolled in CRP, they should not need to provide additional income to be eligible for a Hardship Fund grant.

The standard for eligibility of the Hardship Fund is administered by the Utility Emergency Services Fund (“UESF”) and they aim to prevent fraud in their grant programs. PGW’s position is that the standards UESF utilizes should be supported as good grant program practice.

**V. Conclusion**

PGW appreciates this opportunity to provide its response to the comment submitted by OCA and other intervenors regarding its Universal Service and Energy Conservation Plan for 2023-2027. PGW respectfully requests that the Commission approve the plan consistent with PGW’s Supplemental Information provided pursuant the June 16, 2022 Order.