COMMONWEALTH OF PENNSYLVANIA

DARRYL A. LAWRENCE
Consumer Advocate

OFFICE OF CONSUMER ADVOCATE
555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
(800) 684-6560

@pa_oca
/pennoca
FAX (717) 783-7152
consumer@paoca.org
www.oca.pa.gov

October 16, 2026

Via Electronic Filing
Matthew L. Homsher, 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 2028-2031;

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 Homsher:

Attached for electronic filing, please find the Office of Consumer Advocate's Answer to Philadelphia Gas Works' Demand Side Management Implementation Plan for FY2028-2031 in this proceeding.

Copies have been served on the parties as indicated on the enclosed Certificate of Service.

Respectfully submitted,

/s/ Katie Kennedy
Katherine "Katie" Kennedy, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 317237
KKennedy@paoca.org

Enclosures
cc: Administrative Law Judge F. Joseph Brady (email only: fbrady@pa.gov)
Paul Diskin, TUS (email only: pdiskin@pa.gov)
Darren Gill, TUS (email only: dgill@pa.gov)
Certificate of Service

CERTIFICATE OF SERVICE

Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2028-2031	:	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 filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Answer to Philadelphia Gas Works' Demand Side Management Implementation Plan for FY2028-2031, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 16th day of October 2026.

SERVICE BY E-MAIL ONLY

Lauren M. Burge, Esq.
Eckert Seamans Cherin & Mellot, LLC
600 Grant Street, 44th Floor
Pittsburgh, PA 15219
lburge@eckertseamans.com
Counsel for PGW

Allison Kaster, Esq.
Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North St., 2nd Floor West
Harrisburg, PA 17120
akaster@pa.gov
Counsel for I&E

Rebecca Lyttle, Esq.
Office of Small Business Advocate
Forum Place Building
555 Walnut Street, 1st Floor
Harrisburg, PA 17101
relyttle@pa.gov
Counsel for OSBA

Elizabeth R. Marx, Esq.
John W. Sweet, Esq.
Ria Pereira, Esq.
Lauren N. Berman, Esq.
The Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@pautilitylawproject.org
Counsel for CAUSE-PA

Angela Vitulli
Emma Grazier
Industrial Economics, Incorporated
2067 Massachusetts Ave.
Cambridge, MA 02140
avitulli@indecon.com
egrazier@indecon.com

Charis Mincavage, Esq.
Adeolu A. Bakare, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108-1166
cmincavage@mcneeslaw.com
abakare@mcneeslaw.com

Daniela E. Rakhlina-Powsner, Esq.
Joline R. Price, Esq.
Robert W. Ballenger, Esq.
Energy Unit
Community Legal Services, Inc.
North Philadelphia Law Center
1424 Chestnut St.
Philadelphia, PA 19102
drakhlinapowsner@clsphila.org
jprice@clsphila.org
rballenger@clsphila.org

/s/ Katie Kennedy
Katherine "Katie" Kennedy, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

Harrison W. Breitman, Esq.
Senior Assistant Consumer Advocate
PA Attorney I.D. # 320580
Email: HBreitman@paoca.org

Counsel for:
Darryl A. Lawrence
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
Phone: 717-783-5048
Fax: 717-783-7152

Dated: October 16, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan For FY 2028-2031	:	
	:	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	:	

ANSWER OF THE
OFFICE OF CONSUMER ADVOCATE

I. INTRODUCTION

On July 29, 2010, as a part of the settlement of its base rate proceeding at Docket Nos. R-2009-2139884, P-2009-2097639, the Public Utility Commission approved Phase I of Philadelphia Gas Works' (PGW or Company) Demand Side management (DSM) program for a five-year period ending August 31, 2015.[1] On December 23, 2014, PGW filed a Petition for Approval of Demand Side Management Plan 2016–2020 (DSM Phase II) with the Commission.[2] The Commission subsequently approved a DSM Bridge Plan for the interim period beginning September 1, 2015, and continuing through the earlier of the effective date of DSM Phase II or August 31, 2016.[3] On November 1, 2016, the Commission entered a final Opinion and Order at Docket No. P-2014-2459362 approving the continuation of five market-rate DSM programs for Fiscal Year (FY) 2017 through FY 2020.[4] The Nov. 1, 2016 Order further provided for the

[1] *Philadelphia Gas Works' Revised Petition For Approval of Energy Conservation and Demand Side Management Plan*, Docket Nos. R-2009-2139884, P-2009-2097639, Order at 3 (July 29, 2010) (*DSM I Final Order*).
[2] *Philadelphia Gas Works, EnergySense Demand Side Management Portfolio Implementation Plan for Fiscal Years 2028–2031* at 4 (Sept. 30, 2026) (PGW DSM V Proposed Implementation Plan) available at: https://www.puc.pa.gov/pcdocs/1952513.pdf (previously accessed on Oct. 15, 2026).
[3] *Id*.
[4] PGW DSM V Proposed Implementation Plan at 4.

continuation of DSM programming beyond FY 2020 through the filing of triennial implementation plans, while permitting parties to propose termination of the programs on an anniversary date by filing a request at least 180 days before the close of the applicable fiscal year.[5]

PGW filed a Petition for Approval of its DSM plan for FY 2021–2023 (DSM Phase III) on May 6, 2020. Following the filing, several interested parties filed Notices of Intervention, and the ensuing administrative proceedings culminated in a Joint Petition for Settlement, which the Commission approved on May 6, 2021.[6] Pursuant to that approval, PGW filed its Revised EnergySense DSM Portfolio Implementation Plan for FY 2021-2023 on June 4, 2021.[7] On June 16, 2023, during the latter part of DSM Phase III, PGW filed a Petition for Approval of its DSM plan for FY 2024–2026 (DSM Phase IV).[8] As in the prior proceedings, interested parties intervened, and the resulting administrative proceedings culminated in a Joint Petition for Settlement dated February 29, 2024, which the Commission approved on April 25, 2024.[9] PGW also filed a Revised EnergySense DSM Portfolio Plan for FY 2025-2027 on July 24, 2024.[10]

On or about September 30, 2026, PGW filed an Implementation Plan for Phase V of its DSM Plan for FY 2024-2026 in order to continue and expand the Company's voluntary demand side management program.[11] PGW is also proposing that DSM Phase V cover the period of September 1, 2028, to August 31, 2032, and will be submitting an unopposed proposal to continue its DSM IV pending issuance of a final order in this instant proceeding.[12]

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[5] *Id*.
[6] PGW DSM V Proposed Implementation Plan at 4.
[7] *Id*.
[8] PGW DSM V Proposed Implementation Plan at 4.
[9] *Id*.
[10] *Id*.
[11] *Letter from Lauren M. Burge, Eckert Seamans Cherin & Mellott, LLC, to Matthew L. Homsher, Sec'y, Pa. Pub. Util. Comm'n* (Sept. 30, 2026), available at: https://www.puc.pa.gov/pcdocs/1952513.pdf (previously accessed on Oct. 15, 2026).
[12] *See* PGW DSM V Proposed Implementation Plan at 4.

PGW proposes several modifications to its EnergySense Demand Side Management Portfolio, including expanded income-based rebate eligibility, a new Home Support program, revised small-business and commercial incentives, and a return to a four-year implementation cycle.[13] In its filing, PGW projects that the budget for the Phase V EnergySense portfolio will be $9,896,000 over the four-year period covering fiscal years 2028 through 2031, exclusive of the separately budgeted $500,000 Home Support program.[14] PGW projects that the portfolio will generate cumulative annualized natural-gas savings of 166,348 MMBtu across the program years, lifetime natural-gas savings of 2,893,699 MMBtu, incremental lifetime electricity savings of 5,670 MWh, and water savings of approximately 22 million gallons.[15] From a cost-effectiveness standpoint, PGW projects that the Phase V portfolio will produce a present value of net benefits of approximately $14.96 million and a benefit-cost ratio of 2.00, representing approximately $2 in total resource benefits for every $1 in costs.[16]

The OCA submits the following Answer in response.

II. ANSWER

A. PGW's Plan Design, Implementation, And Cost Recovery

First, PGW proposes expanding eligibility for its enhanced Affordable EnergySense rebate tier to include residential customers with household incomes between 151% and 250% of the federal poverty level (FPL), beyond the existing eligibility range of 0–150% FPL.[17] PGW also proposes increasing certain standard residential rebates to account for

[13] *See* PGW DSM V Proposed Implementation Plan
[14] PGW DSM V Proposed Implementation Plan at 8.
[15] PGW DSM V Proposed Implementation Plan at 9-10.
[16] PGW DSM V Proposed Implementation Plan at 11.
[17] PGW DSM V Proposed Implementation Plan at 5-6.

inflation.[18] The proposed rebate amounts would vary by equipment type and income tier.[19] For example, the proposed standard and Affordable EnergySense rebates would be $700 and $800, respectively, for qualifying natural-gas furnaces; $1,100 and $1,400 for qualifying boilers; $1,400 and $2,000 for combination boilers; and $400 and $700 for tankless water heaters.[20]

PGW further proposes changing the Residential Equipment Rebates Program to provide the same rebate for each qualifying furnace, boiler, or combination boiler installed in a building, rather than offering a lower rebate for additional units.[21] PGW cites an independent analysis indicating that multifamily buildings typically face higher incremental costs due to venting challenges, making the larger incentive more impactful for customers and easier to communicate.[22] The plan as filed would also revise the calculation of insulation and air-sealing rebates to simplify program administration and allegedly improve the clarity of the incentive structure.[23]

Second, consistent with the agreement reached in the DSM Phase IV settlement, PGW proposes establishing a Home Support program with funding of up to $500,000 to provide no-cost energy-efficiency measures to especially vulnerable households in the 151–200% FPL income tier.[24] Under the Phase IV settlement, PGW agreed to propose using unspent residential DSM incentive funds from FY2025–FY2027, up to $500,000, to fund the program in its next DSM plan and to offer the program until the allocated funds are

[18] PGW DSM V Proposed Implementation Plan at 11.
[19] PGW DSM V Proposed Implementation Plan at 21.
[20] *Id*.
[21] *Id*. at 22.
[22] PGW DSM V Proposed Implementation Plan at 22.
[23] PGW DSM V Proposed Implementation Plan at 22.
[24] *Id*. at 33 (internal citations omitted).

exhausted.[25] Potential measures include smart thermostats, pipe insulation, air sealing, insulation, and heating-system repairs or replacements.[26] Eligible households would include those with a medical certificate issued within the preceding six months, an active Protection from Abuse order, or other qualifying court documentation evidencing domestic violence, seniors over age 65, or children under age five.[27] Customers would establish income eligibility through an oral statement confirming that household income falls within the 151–200% FPL tier and provide oral statements regarding household members' ages, as applicable.[28]

PGW also proposes returning to a four-year implementation period in place of a three-year cycle.[29] PGW contends that a longer implementation period would provide residential and commercial customers with greater certainty when planning energy-efficiency investments and reduce the administrative burden associated with more frequent program reviews.[30] The proposed core portfolio budget totals nearly $9.9 million over four years, excluding the separately budgeted Home Support program.[31] Of the core portfolio budget, approximately $6.326 million would be allocated to customer incentives and $720,000 to marketing.[32]

The filing also addresses the proposed plan's implementation and stakeholder-engagement requirements.[33] PGW and the OSBA have reached a settlement addressing certain aspects of the proposed Phase V DSM Plan, including commercial and small-

[25] *Id.*
[26] *Id*. at 34.
[27] PGW DSM V Proposed Implementation Plan at 33.
[28] PGW DSM V Proposed Implementation Plan at 33.
[29] PGW DSM V Proposed Implementation Plan at Appendix E.
[30] PGW DSM V Proposed Implementation Plan at 7.
[31] PGW DSM V Proposed Implementation Plan at 8.
[32] PGW DSM V Proposed Implementation Plan at 8.
[33] PGW DSM V Proposed Implementation Plan at Appendix E.

business incentives, marketing expenditures, and other program implementation matters. PGW proposes to incorporate the settlement terms, set forth in Appendix E of its filing, into the Phase V DSM Plan upon Commission approval.[34] The proposed framework also includes annual stakeholder meetings, to be held by June 1 of each year from 2028 through 2031, to review program participation and marketing strategies, with particular attention to small-business participation.[35]

The OCA is concerned that PGW and the OSBA have reached a settlement addressing elements of the proposed Phase V DSM Plan without testimony or discovery to date. Although the OCA recognizes the parties' efforts to resolve certain issues, the OCA respectfully reserves all rights to review, challenge, and litigate any aspects of the proposed Plan that may adversely affect residential consumers. The OCA will independently evaluate the reasonableness of the proposed programs, budgets, incentives, and cost allocations, and will take whatever action is necessary in this proceeding to ensure that the interests of residential customers are adequately represented and that they are fairly treated.

Additionally, the filing addresses continuity of existing programs if the proposed DSM Phase V plan is delayed. If DSM Phase V is not approved and implemented by August 31, 2027, PGW indicates that the OCA, OSBA, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), and the Tenant Union Representative Network (TURN) do not oppose continuation of the existing DSM Phase IV plan at its fiscal year 2027 budget level until the new plan takes effect.[36] It is believed and therefore averred that this proposed interim arrangement is intended to maintain program continuity pending

[34] *Letter from Lauren M. Burge, Eckert Seamans Cherin & Mellott, LLC, to Matthew L. Homsher, Sec'y, Pa. Pub. Util. Comm'n* (Sept. 30, 2026), available at: https://www.puc.pa.gov/pcdocs/1952513.pdf (previously accessed on Oct. 15, 2026).
[35] PGW DSM V Proposed Implementation Plan at App. E.
[36] *Letter from Lauren M. Burge, Eckert Seamans Cherin & Mellott, LLC, to Matthew L. Homsher, Sec'y, Pa. Pub. Util.*

implementation of the successor plan.

PGW's proposals appear to expand access to certain residential and small-business incentives, revise rebate amounts and program design, introduce targeted support for vulnerable households, and extend the portfolio's implementation period.[37] The OCA will carefully investigate and examine the proposed EnergySense portfolio, including its budgets, eligibility requirements, incentive structures, and settlement-related provisions. In doing so, the OCA will focus on ensuring that residential consumers are treated fairly, that the proposed changes are practical and feasible to implement, and that the programs deliver meaningful, tangible benefits to the consumers they are intended to serve. The OCA will evaluate whether the proposed portfolio is reasonable, in the public interest, and consistent with applicable statutory and regulatory requirements.

The OCA respectfully requests the Commission reviews PGW's proposed DSM Phase V Plan Design, Implementation, and Cost Recovery to determine whether the proposed programs and modifications are reasonable, cost-effective, and in the best interests of customers. Specifically, the Commission should evaluate the proposed expansion of Affordable EnergySense rebates, the new Home Support program, changes to residential and commercial incentives, the elimination of the natural-gas usage threshold for the Small Business Energy Check program, and the proposed four-year implementation period.

In reviewing cost recovery, the Commission should determine whether the proposed $9.896 million core portfolio budget, together with the separately budgeted $500,000 Home Support program, is prudent and adequately supported, whether the proposed allocation and potential reallocation of funds among programs and cost categories are appropriate, and

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Comm'n (Sept. 30, 2026), available at: https://www.puc.pa.gov/pcdocs/1952513.pdf (previously accessed on Oct. 15, 2026).

[37] *See* PGW DSM V Proposed Implementation Plan at 6-8.

whether the resulting costs and any associated recovery from customers are just and reasonable. The Commission should further consider the terms of the proposed settlement with the OSBA and the extent to which the settlement's provisions should be incorporated into the approved Plan.

The OCA believes this matter should be referred to the Office of Administrative Law Judge (OALJ) for a thorough evidentiary review. Referral will allow for the development of a robust evidentiary record to fully examine the proposed Plan's design, implementation, costs, and anticipated customer benefits. The OCA avers that a comprehensive evidentiary record will assist the Commission in determining whether the proposed Plan is in the public interest and consistent with the requirement that rates be just and reasonable.

B. Technical Resource Manual Updates

PGW proposes updating its Technical Reference Manual (TRM) for Phase V to revise the methodologies and assumptions used to calculate energy savings, incremental measure costs, and program cost-effectiveness.[38] The revised TRM, included as Appendix D to the PGW DSM V Proposed Implementation Plan, would replace the TRM approved for Phase IV (FY 2025-2027) and establish the technical assumptions underlying PGW's projected savings for Phase V (FY 2028-2031).[39] PGW explains that its updated TRM incorporates billing analyses and third-party evaluations conducted during prior DSM phases, with savings calculations reviewed where actual savings have repeatedly differed from calculated estimates.[40] PGW also relies on updated avoided-cost assumptions to

[38] PGW DSM V Proposed Implementation Plan at 17.
[39] Philadelphia Gas Works, *EnergySense Demand Side Management Portfolio Implementation Plan, Fiscal Years 2028–2031*, Appendix D, "Technical Reference Manual" at 3 (Sept. 30, 2026).
[40] PGW DSM V Proposed Implementation Plan at 17.

evaluate program cost-effectiveness.[41] The OCA will examine whether these methodologies and assumptions are reasonable, adequately supported, and likely to produce reliable savings projections and meaningful benefits for residential customers

Among the specific revisions, PGW adjusts its residential furnace savings calculations in response to a FY 2026 billing evaluation that identified lower-than-expected savings.[42] PGW proposes using savings values derived from that evaluation until another evaluation is conducted, while maintaining that the furnace measure remains cost-effective.[43] PGW also reviews and revises technical assumptions, including operating hours, equivalent full-load hours, and climate- and location-specific variables, to better align calculated savings with verified program results and local conditions.[44]

The revised TRM includes updates to the incremental costs and baseline efficiency assumptions used to estimate energy savings and evaluate the cost-effectiveness of energy-efficiency measures.[45] PGW identifies various sources used to inform its cost estimates and savings calculations, including Pennsylvania-specific studies, program evaluations, federal research, technical reference manuals from other jurisdictions, and contractor data, with adjustments where appropriate for regional differences and inflation.[46] The TRM also sets the standard efficiency levels used to calculate how much energy customers can save by upgrading to more efficient equipment.[47] The OCA will review these cost estimates, baseline assumptions, and savings methodologies to assess whether they are adequately

[41] *Id*.
[42] PGW DSM V Proposed Implementation Plan at 20-21.
[43] PGW DSM V Proposed Implementation Plan at 20-21.
[44] PGW DSM V Proposed Implementation Plan at 21-22.
[45] Philadelphia Gas Works, *EnergySense Demand Side Management Portfolio Implementation Plan, Fiscal Years 2028–2031*, Appendix D, "Technical Reference Manual" at 3 (Sept. 30, 2026).
[46] *Id*.
[47] *Philadelphia Gas Works, EnergySense Demand Side Management Portfolio Implementation Plan, Fiscal Years 2028–2031*, App. D, § 1.1.

supported, reasonable, and appropriate for evaluating the proposed portfolio's energy savings and cost-effectiveness, and whether the resulting estimates support programs that provide meaningful benefits to residential customers.

In addition, PGW updates certain avoided natural-gas costs used to evaluate project and program cost-effectiveness in an effort to reflect current commodity costs and pipeline and storage capacity charges.[48] PGW's analysis also accounts for the Demand Reduction Induced Price Effect (DRIPE), which estimates potential benefits associated with reduced market demand and its effect on future gas prices.[49] Because avoided-cost assumptions are used to evaluate program cost-effectiveness, the OCA will examine whether PGW's updated assumptions reasonably reflect the value of projected energy savings and support the portfolio's projected net benefits and benefit-cost ratio.

PGW's proposed revisions to the TRM are significant because they provide the technical basis for its projected energy savings and cost-effectiveness calculations. Changes to estimated energy savings, incremental costs, equipment efficiency baselines, and avoided-cost assumptions may affect the projected benefits of individual measures and the EnergySense portfolio as a whole. The OCA will examine these revisions and the data and analyses supporting them to determine whether PGW's assumptions are reasonable, reliable, and likely to produce accurate estimates of energy savings and customer benefits. The OCA will also assess whether the revised assumptions appropriately support the proposed incentives and program offerings, particularly where changes in projected savings affect their justification or cost-effectiveness.

The Commission should carefully examine the proposed TRM revisions and the

[48] *Id*. at § 1.1.D.
[49] PGW DSM V Proposed Implementation Plan at 16.

underlying assumptions to determine whether PGW's projected energy savings and cost-effectiveness calculations are adequately supported by reliable data and evaluation results. The Commission should also consider whether the proposed implementation, evaluation, verification, reporting, and stakeholder-engagement procedures provide sufficient oversight to measure program performance, verify actual savings, and ensure accountability to customers. Because these issues involve technical assumptions and projections that may materially affect program costs, benefits, and customer rates, the OCA believes this matter should be referred to the OALJ to develop a robust evidentiary record. That record will allow the OCA and other parties to examine PGW's proposed revisions, test the supporting evidence, and evaluate whether the proposed changes are feasible, reasonable, and likely to deliver meaningful benefits to residential customers. The Commission can then make an informed determination as to whether the proposed TRM revisions and associated program offerings are justified and in the best interests of customers.

III. CONCLUSION

The Office of Consumer Advocate respectfully requests that PGW's Petition for Approval of the DSM V Implementation Plan be sent to the Office of Administrative Law Judge for the development of a record to determine whether PGW has adequately supported its proposed plan.

Respectfully submitted,

Katie Kennedy, Esq.

Katie Kennedy, Esq.
Assistant Consumer Advocate
PA Attorney I.D. # 317237
Email: KKennedy@paoca.org

Harrison W. Breitman, Esq.
Senior Assistant Consumer Advocate
PA Attorney I.D. # 320580
Email: HBreitman@paoca.org

Case E-Mail:
ocapgwdsm@paoca.org

Counsel for:
Darryl A. Lawrence
Consumer Advocate

Office of Consumer Advocate
555 Walnut Street
5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048

DATED: October 16, 2026