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January 26, 2015

**Via Hand Delivery**

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
PO Box 3265  
Harrisburg, PA 17105-3265

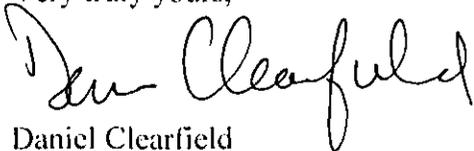
Re: Pennsylvania Public Utility Commission v. Philadelphia Gas Works,  
Docket Nos. R-2009-2139884; P-2009-2097639

Dear Secretary Chiavetta:

In accordance with Paragraph 24 of the Joint Petition For Settlement of the above proceeding, which was approved by the Commission by Order entered July 29, 2010, enclosed for filing please find the original of Philadelphia Gas Works' ("PGW") FY 2014 Demand Side Management ("DSM") Program Annual Report. Copies are being served in accordance with the attached Certificate of Service.

Please contact me if you have any questions

Very truly yours,



Daniel Clearfield

DC/lww  
Enclosure

cc: Cert. of Service w/enc.

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# Demand Side Management Program Annual Report

FY 2014 Results

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*January 26, 2015*

*Prepared by* Philadelphia Gas Works (PGW) with assistance from Green Energy Economics Group, Inc. (GEEG)

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## 1. Portfolio Overview

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### 1.1. Introduction

This report presents and discusses the results from PGW's implementation of its Demand Side Management (DSM) portfolio of energy-efficiency programs in Fiscal Year 2014 ("FY 2014").<sup>1</sup>

PGW's DSM portfolio was approved by the Pennsylvania Public Utility Commission ("PUC") by order entered on July 29, 2010. PGW committed to filing its annual report four months after the end of the program year to report on program outcomes to date. This Report is the fourth such Annual Fiscal Year Report.

This report provides quantitative tables of portfolio operations and outcomes for all six DSM programs:

- Enhanced-Low Income Retrofit Program ("ELIRP");
- Residential Heating Efficiency Rebate Program ("RHER");
- Commercial and Industrial Retrofit Program, now Efficient Building Grants;
- Commercial and Industrial Equipment Rebates Program ("CIER");
- High Efficiency Construction Incentives Program, now Efficient Construction Grants; and
- Comprehensive Residential Retrofit Incentives program ("CRRRI"), now "Home Rebates".

### 1.2. Summary of Results

In FY 2014, all six DSM programs authorized by the July 29, 2010 PUC order were implemented and PGW's management was focused on growing participation. PGW spent \$11.1 million on DSM programming, approximately 78 percent of the FY 2014 budget filed by PGW in its FY 2014 Implementation Plan. PGW achieved estimated first year gas savings of over 103 Billion Btu ("BBtu") and 2,165 BBtu over the lifetime of the measures installed. From program inception in January, 2011 through the end of FY 2014, overall DSM activities have resulted in projected \$5 million in net resource benefits and a benefit-cost-ratio ("BCR") of 1.18 under the Total Resource Cost ("TRC") cost-effectiveness test.

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<sup>1</sup> September 1, 2012 through August 31, 2013

**TABLE 1. DSM COSTS AND BUDGETS BY PROGRAM (NOMINAL)<sup>2</sup>**

Program	FY 2014		
	Actual	Goal	%
Enhanced Low Income Retrofit <sup>3</sup>	\$7,898,251	\$7,600,000	104%
Residential Heating Equipment Rebates	\$902,435	\$1,457,253	62%
Home Rebates	\$602,224	\$2,654,597	23%
Efficient Construction Grants (Residential)	\$121,090	\$379,108	32%
<b>Residential Total</b>	<b>\$9,523,999</b>	<b>\$12,090,958</b>	<b>79%</b>
Efficient Building Grants	\$134,424	\$745,953	18%
Commercial and Industrial Equipment Rebates	\$124,574	\$567,539	22%
Efficient Construction Grants (Nonresidential)	\$-	\$-	
<b>Non-residential Total</b>	<b>\$258,998</b>	<b>\$1,313,492</b>	<b>20%</b>
Portfolio-wide Costs	\$1,360,476	\$838,924	162%
<b>UTILITY TOTAL</b>	<b>\$11,143,474</b>	<b>\$14,243,375</b>	<b>78%</b>
Participant Costs	\$1,670,584	\$4,959,455	34%
<b>Total</b>	<b>\$12,814,058</b>	<b>\$19,202,830</b>	<b>67%</b>

**TABLE 2. DSM COSTS AND BUDGETS BY CATEGORY (NOMINAL)**

Category	FY 2014		
	Actual	Goal	%
Customer Incentives	\$7,403,664	\$10,590,598	70%
Administration and Management	\$855,171	\$805,924	106%
Marketing and Business Development	\$505,306	\$452,937	112%
Contractor Costs	\$2,161,706	\$2,134,670	101%
Inspection and Verification	\$81,762	\$176,440	46%
On-site Technical Assessment	\$-	\$-	
Evaluation	\$135,865	\$82,806	164%
<b>UTILITY TOTAL</b>	<b>\$11,143,474</b>	<b>\$14,243,375</b>	<b>78%</b>
Participant Costs	\$1,670,584	\$4,959,455	34%
<b>Total</b>	<b>\$12,814,058</b>	<b>\$19,202,830</b>	<b>67%</b>

<sup>2</sup> All PGW Efficiency Cost Recovery Surcharge collections are shown in Appendix A. FY 2013 over-collections were refunded to the appropriate customer classes in FY 2014.

<sup>3</sup> In FY 2014, in accordance with direction from City of Philadelphia Mayor Michael Nutter and Philadelphia City Council PGW allocated an additional \$250,000 for Enhanced Low Income Retrofit program activities. See City of Philadelphia Resolution No. 130932, adopted December 5, 2013. Regardless of this increase, PGW remained compliant with the DSM program cap. This spending resulted in an additional 140 homes treated.

**TABLE 3. PORTFOLIO-WIDE INCREMENTAL FIRST YEAR GAS SAVINGS (MMBTU)**

Program	FY 2014		
	Actual	Goal	%
Enhanced Low Income Retrofit	71,917.9	63,564.1	113%
Residential Heating Equipment Rebates	19,933.4	45,501.6	44%
Home Rebates	5,201.9	35,582.7	15%
High Efficiency Construction Incentives (Residential)	1,232.4	4,269.9	29%
<b>Residential Total</b>	<b>98,285.5</b>	<b>148,918.2</b>	<b>66%</b>
Commercial and Industrial Retrofit Incentives	2,294.8	11,700.0	20%
Commercial and Industrial Equipment Rebates	2,994.1	19,904.9	15%
High Efficiency Construction Incentives (Nonresidential)	-	-	
<b>Non-residential Total</b>	<b>5,288.9</b>	<b>31,604.9</b>	<b>17%</b>
Portfolio-wide Costs	-	-	
<b>PORTFOLIO TOTAL</b>	<b>103,574.4</b>	<b>180,523.2</b>	<b>57%</b>

**TABLE 4. PORTFOLIO-WIDE INCREMENTAL LIFETIME GAS SAVINGS (MMBTU)**

Program	FY 2014		
	Actual	Goal	%
Enhanced Low Income Retrofit	1,482,004.3	1,334,846.4	111%
Residential Heating Equipment Rebates	427,351.8	1,010,015.2	42%
Home Rebates	143,545.5	747,236.5	19%
High Efficiency Construction Incentives (Residential)	20,920.6	85,397.0	24%
<b>Residential Total</b>	<b>2,073,822.2</b>	<b>3,177,495.2</b>	<b>65%</b>
Commercial and Industrial Retrofit Incentives	44,764.7	187,200.0	24%
Commercial and Industrial Equipment Rebates	56,238.5	316,144.2	18%
High Efficiency Construction Incentives (Nonresidential)	-	-	
<b>Non-residential Total</b>	<b>101,003.2</b>	<b>503,344.2</b>	<b>20%</b>
Portfolio-wide Costs	-	-	
<b>PORTFOLIO TOTAL</b>	<b>2,174,825.3</b>	<b>3,680,839.3</b>	<b>59%</b>

**TABLE 5. NON-GAS BENEFITS**

Program	FY 2014		
	Actual	Goal	%
First Year Energy Savings Installed (kWh)	819,896	1,823,720	45%
Lifetime Energy Savings Installed (kWh)	19,403,434	34,814,795	56%
Summer Peak Demand Savings Installed (kW)	247.6	357.2	69%
First Year Water Savings Installed (million gallons)	6.2		
Lifetime Water Savings Installed (million gallons)	63.5		

TABLE 6. TOTAL RESOURCE COST TEST RESULTS FROM INCEPTION THROUGH THE END OF FY 2014 (2009\$)

Program	Launch Year	Inception through FY 2014			
		PV of Benefits	PV of Costs	PV of Net Benefits	BCR
Enhanced Low Income Retrofit	FY 2011	\$26,054,494	\$20,624,690	\$5,429,804	1.26
Residential Heating Equipment Rebates	FY 2011	\$5,106,576	\$3,006,120	\$2,100,457	1.70
Comprehensive Residential Retrofit Incentives	FY 2014	\$798,794	\$1,142,714	\$(343,920)	0.70
High Efficiency Construction Incentives (Residential)	FY 2012	\$205,738	\$173,974	\$31,764	1.18
<b>Residential Total</b>		<b>\$32,165,602</b>	<b>\$24,947,497</b>	<b>\$7,218,106</b>	<b>1.29</b>
Commercial and Industrial Retrofit Incentives	FY 2012	\$691,713	\$530,677	\$161,035	1.30
Commercial and Industrial Equipment Rebates	FY 2013	\$902,666	\$287,619	\$615,046	3.14
High Efficiency Construction Incentives (Nonresidential)	FY 2013	\$-	\$-	\$-	
<b>Non-residential Total</b>		<b>\$1,594,378</b>	<b>\$818,296</b>	<b>\$776,082</b>	<b>1.95</b>
Portfolio-wide Costs		\$-	\$2,808,291	\$(2,808,291)	-
<b>PORTFOLIO TOTAL</b>		<b>\$33,759,980</b>	<b>\$28,574,084</b>	<b>\$5,185,897</b>	<b>1.18</b>

## 2. Enhanced Low-Income Retrofit Program

The Enhanced Low-Income Retrofit Program seeks to obtain cost-effective energy savings for low-income customers who participate in PGW's Customer Responsibility Program ("CRP"). A secondary goal of the program is to reduce the overall long-term cost of CRP as paid by all firm customers. The program seeks to achieve these goals and make customers' homes more energy efficient and comfortable by:

- Repairing or replacing older and less efficient heating systems.
- Providing comprehensive weatherization services.
- Educating customers on ways to reduce their energy use along with basic health and safety information.
- Raising awareness of energy conservation and encouraging the incorporation of energy saving behavior.
- Targeting high-use customers to maximize impact and increase cost-effectiveness.
- Streamlining the delivery mechanism through the use of implementation contractors.

**TABLE 7. ELIRP RESULTS FOR FY 2014**

	FY 2014		
	Actual	Goal	%
<b>PARTICIPATION</b>			
Closed Cases	2,978	2,155	138%
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	<b>\$1,849,117</b>	<b>\$1,593,600</b>	<b>116%</b>
Administration and Management	\$ -		
Marketing and Business Development	\$ -		
Contractor Costs <sup>4</sup>	\$1,708,910		
Inspection and Verification	\$73,388		
On-site Technical Assessment	\$ -		
Evaluation	\$66,880		
<b>Measure Installation</b>	<b>\$6,049,074</b>	<b>\$6,006,400</b>	<b>101%</b>
<b>Total Program Spending</b>	<b>\$7,898,251</b>	<b>\$7,600,000</b>	<b>104%</b>
Participant Costs	\$ -	\$ -	
<b>Total Cost</b>	<b>\$7,898,251</b>	<b>\$7,600,000</b>	<b>104%</b>
<b>SAVINGS<sup>5</sup></b>			

<sup>4</sup> Includes annual administrative expenses (costs not directly related to the provision of program services, such as office overhead) and also includes non-administrative costs (for variable program support expenses that are directly related to the provision of program services) but does not include PGW's own overhead.

First Year MMBtu	71,669	63,564	113%
Lifetime MMBtu	1,476,839	1,334,846	111%
First Year kWh	668,132		
Lifetime kWh	15,683,427		

**TABLE 8. COST-EFFECTIVENESS RESULTS FOR ELIRP (INCEPTION THROUGH FY 2014)**

<b>PRESENT VALUE (2009\$)</b>	<b>Actual</b>
Benefits	\$26,054,494
Costs	\$20,624,690
Net Benefits	\$5,429,804
BCR	1.26

## 2.1. Notable Program Activities in FY 2014

ELIRP has continued to show year over year improvement in FY 2014. The program reached its highest level of spending and resultant energy savings during FY 2014, as it achieved \$5.4 million present value of benefits (2009\$). The program exhibited gradual improvement of its cost effectiveness, reaching a cumulative BCR of 1.26 by the end of FY 2014, up from 1.20 BCR at the end of FY 2013.

In FY 2014, , in accordance with direction from City of Philadelphia Mayor Michael Nutter and Philadelphia City Council PGW allocated an additional \$250,000 for Enhanced Low Income Retrofit program activities.. The funds allowed measure installations in over 140 homes over the summer of 2014. As a result, the funds generated an additional 70,000 MMBtu in lifetime gas savings.

PGW held a Request for Proposals ("RFP") in 2014 for CSPs, as its existing contracts had reached the end of the terms. The RFP attracted six bidders. PGW selected three based on market experience and technical expertise; all three had previously participated in ELIRP.

### Closed Limited Cases<sup>6</sup>

In FY2014, ELIRP experienced a rise in closed limited cases, growing from 29% in FY 2013 to 43% in FY 2014. PGW attributes this to an increased focus by Conservation Service Providers ("CSP") to seek greater cost-effectiveness by installing only core measures when the price of comprehensive weatherization was cost ineffective. There were two main causes to the increase of cost ineffective projects.

First, health, safety or structural issues required costly pre-treatments in many homes before weatherization could occur, thereby driving up the project cost. Although many of the issues are common to the Philadelphia housing stock, in FY 2014 CSPs increasingly used

<sup>6</sup> The Close Limited status is a designation for cases that receive only core measures (thermostat, low-flow devices, pipe wrap) at the time of the audit, as comprehensive measures cannot be performed due to health and safety issues, and/or work is not cost-effective, though some savings are still possible through the identified low-cost measures.

cost effectiveness as a deciding factor when planning projects. The second reason is that many of the highest usage cases have already been treated in ELIRP. The average pre-heat usage for cases treated in 2014 was 142 MMBtu, compared to 160 MMBtu in 2011. While there are still many savings opportunities available, some measures, particularly heater installations, are not as cost-effective on lower-usage homes.

These CSP decisions have been guided by PGW’s bi-annual evaluations which allocate funding based on CSP performance on various metrics including cost-effectiveness. Overall, this practice has improved CSP performance and produced a greater return on investment for ratepayer funds.

**Inspections**

PGW had 268 cases inspected by its third-party inspector in FY 2014. Based on the results of the third-party ELIRP evaluation and feedback from contractors and the inspector, PGW began approaching inspections more strategically. In FY 2014, cases were targeted for inspection randomly based on certain criteria:

- high and low percentage savings;
- small and large air sealing blower door reductions; and
- specific measure combinations.

PGW continues to analyze these inspection results in order to identify trends in CSP work and missed opportunities and work quality. The average inspection score was 97%, which demonstrates continued improvement in work quality and a slight increase from last year’s average score of 96%. The inspection score average since program inception is 94%..

**TABLE 9. ELIRP AUDITS AND ON-SITE MENTORING (FY 2014)**

Fiscal Year	Inspections	Hours of Mentoring
2011	44	22.5
2012	140	28.5
2013	131	23
2014	268	9
<b>Inception to Date</b>	<b>583</b>	<b>80</b>

**ELIRP Evaluation**

The ELIRP third-party program evaluation on calendar year 2011 activities was finalized in FY2014. One notable finding was that PGW’s realized savings were 130 percent of projected savings based on the program’s TRM calculations. Similarly, “Close Limited” homes realized savings 262 of projected, while “Closed” cases realized savings 108 percent of projected.

The evaluation report identified other useful information, such as comparing the savings of specific measures among CSPs. PGW has used these findings to guide

inspection and verification activities. An example of this was PGW's instruction for its inspector to perform enhanced review on select cases to further investigate quality of air sealing and insulation, using the results to inform contractor education.

### **Database Updates**

PGW has continued to improve its database to address issues identified, introduce new controls to prevent inaccurate data input, and develop new modules to make the tool more useful. It is expected that the FY2015 Annual Report will include two FY2015 modifications, one which caused slight discrepancies in the calculated savings data (impacting a relatively minor number of jobs) and will result in revisions to historical ELIRP data to be provided in the FY 2015 Annual Report.

### 3. Residential Heating Efficiency Rebate Program

The Residential Heating Equipment Rebates program offers prescriptive rebates on premium efficiency heating equipment to increase the penetration of these technologies in the homes of PGW's customers. The program has the following objectives:

- Promote the selection of premium efficiency furnaces and boilers at the time of purchase of residentially-sized gas heating equipment.
- Increase consumers' awareness of the breadth of energy efficiency opportunities in their homes.
- Strengthen PGW's relationship with customers as a partner in energy efficiency.
- Encourage market actors throughout the supply chain to provide and promote high efficiency options.
- Align incentives with other programs.
- Aid in market transformation towards highest-efficiency options.

**TABLE 10. RHER RESULTS FOR FY 2014**

	FY 2014		
	Actual	Goal <sup>7</sup>	%
<b>PARTICIPATION</b>			
Rejected Applications	116		
<b>Approved Applications</b>	<b>1,019</b>	<b>2,000</b>	<b>51%</b>
<b>Total Applications</b>	<b>1,125</b>		
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	<b>\$90,038</b>	<b>\$171,253</b>	<b>53%</b>
Administration and Management	\$ -		
Marketing and Business Development	\$ -		
Contractor Costs	\$44,159		
Inspection and Verification	\$1,802		
On-site Technical Assessment	\$ -		
Evaluation	\$44,077		
<b>Customer Incentives</b>	<b>\$812,397</b>	<b>\$1,286,000</b>	<b>63%</b>
<b>Total Program Spending</b>	<b>\$902,435</b>	<b>\$1,457,253</b>	<b>62%</b>
Participant Costs	\$933,986		
<b>Total Costs</b>	<b>\$1,836,420</b>		
<b>SAVINGS</b>			
First Year MMBtu	19,933	45,502	44%
Lifetime MMBtu	427,352	1,010,015	42%
First Year kWh	61,600		
Lifetime kWh	1,232,000		
<b>MEASURES</b>			
Furnaces	831		
Boilers	188		

<sup>7</sup> In its FY 2014 Implementation Plan, PGW projected it would reduce rebate levels in FY 2014 due to a pending EPA furnace efficiency rule. This rule has not been implemented, so PGW retained its higher rebate levels. This resulted in a higher percentage of customer incentives issued than percentage of participants compared to the fiscal year goal.

Programmable Thermostats	353		
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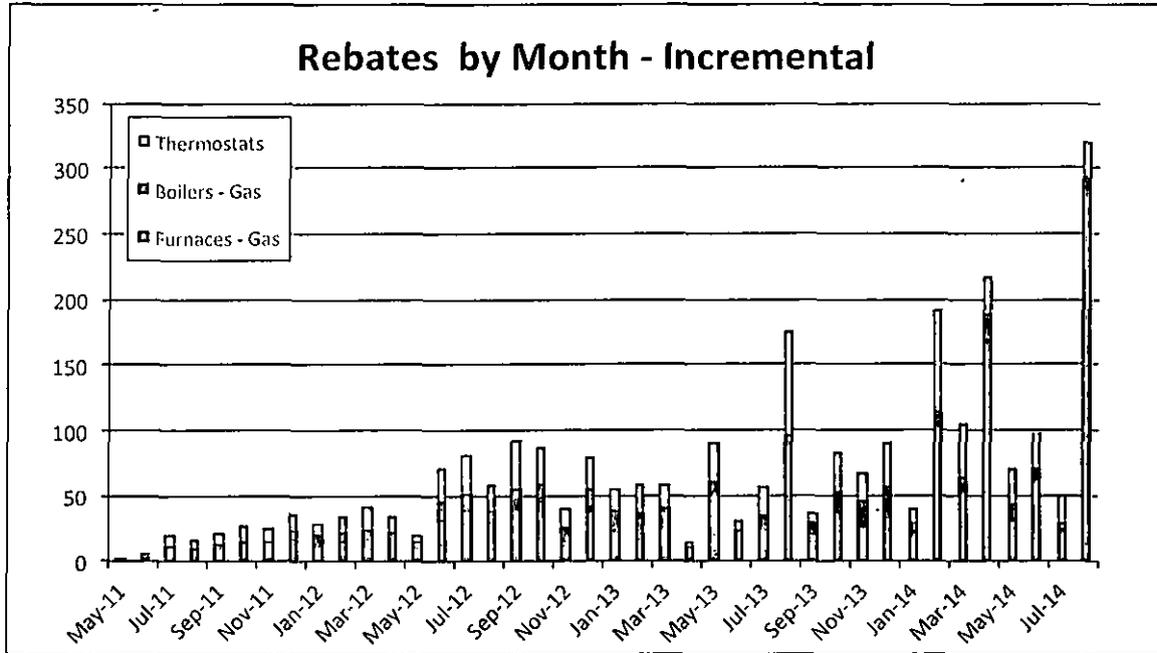
**TABLE 11. COST-EFFECTIVENESS RESULTS FOR RHER (INCEPTION THROUGH FY 2014)**

<b>PRESENT VALUE (2009\$)</b>	<b>Actual</b>
Benefits	\$5,106,576
Costs	\$3,006,120
Net Benefits	\$2,100,457
BCR	1.70

### 3.1. Notable Program Activities in FY 2014

In FY 2014, applications from landlords and developers rose significantly to nearly 37% of rebated heaters. PGW saw its largest submission yet for a 216 unit building, but also saw increased activity from smaller property managers that installed furnaces in two to five unit buildings. PGW attributes this trend to increased marketing activity and engagement with this audience through other programs. In some cases, the landlord or developer sought grants under EnergySense Efficient Construction Grant or Efficient Building Grant programs, but did not meet the programs' savings requirements despite installing high efficiency heaters. Rebate activity by month is detailed further in Figure 1.

**FIGURE 1. REBATE ACTIVITY SINCE INCEPTION**



In FY 2014, the greatest sources of applications continued to be HVAC technicians and plumbers, as shown in Table 12. PGW continued its outreach to these trade allies through activities similar to those conducted in previous program years, and as a result more than half of applications were referrals from this source.

**TABLE 12. SOURCE OF RHER REFERRALS TO DATE**

Source	Percentage
Community Event	1%
Equipment Supplier	2%
Family / Friend	4%
HVAC / Plumber	55%
PGW staff	11%
Website	12%
PGW Bill Insert	12%
Advertisement	2%

**Verifications**

There were 120 on-site rebate verifications performed in 2014, accounting for 12 percent of all rebated heaters. Projects were selected at random for verification. Multifamily projects with more than six submissions were also flagged to receive on-site verifications for a small sample of units.

**Evaluation**

The results of the FY 2013 RHER Evaluation performed by a third-party evaluator were finalized in FY 2014, informing program design changes and marketing activities. The

report included an analysis of post-usage billing data for rebate recipients, and a market study of interviews with rebate customers and HVAC contractors.

The most important finding of the evaluation was that actual gas savings for the high-efficiency gas furnaces and boilers were less than the initial TRM projections, with boilers replacements averaging 202 Ccf and furnace replacements averaging 112 Ccf in annual savings. Although high efficiency boilers and furnaces were still cost-effective, 1.26 and 1.35 respectively, the results found that the actual gas savings was approximately 60 percent of PGW's initial estimates. The disparity was a result of over-estimating average equipment sizes and the Equivalent Full Load Hours ("EFLH"). PGW filed a TRM update with the FY 2015 Implementation Plan to revise EFLH assumptions downwards, which is expected to bring projections in line with the actual gas savings. Taking into account the revised savings estimates, the program evaluation found that the program was cost-effective during the FY 2013 program year with a 1.01 BCR.

In addition to the savings estimates, the Evaluation conducted a program participant survey, including customers and contractors. The survey found that more than two-thirds of the customers said that PGW's rebate played an important or very important role in their selection of a high efficiency model. This confirmed PGW's program design and suggests that the program will continue to succeed in persuading customers in the Philadelphia market to purchase high efficiency heating equipment.

### Revised Incentive Design

PGW developed a revised incentive tier that went into effect at the beginning of FY 2015 on September 1, 2014. This was done to make projects cost-effective under the updated EFLH assumptions that reduced projected gas savings per unit installed. PGW also defined rebates based on "project," as installations at a single building address by the property owner, manager or developer. This revision was intended to better align RHER with the incentive levels of other EnergySense programs.

Measure	First Rebate Per Project	Additional Rebates Per Project <sup>8</sup>
Natural Gas Furnace 94% AFUE	\$500	\$250
Natural Gas Furnace 94% AFUE, BFM Fan <sup>9</sup>	\$500	\$250
Natural Gas Water Boiler 94% AFUE	\$1,500	\$800

In FY 2014, PGW made a marketing push to communicate the FY 2015 program change to its trade ally network and customers. The marketing campaign led to a significant amount of program activity in the final months of FY 2014, as customers sought to submit their projects before rebate amounts were reduced.

<sup>8</sup> Projects are defined as one individual/entity receiving a rebate for one building address.

#### 4. Efficient Building Grants Program

The Efficient Building Grants program promotes natural gas energy efficiency retrofit investments by PGW's multi-family residential, commercial, and industrial customers. The program provides technical assistance and customized financial incentives of up to \$75,000 for cost-effective gas-saving investments including high-efficiency heating system replacements, improved system controls, and building thermal performance enhancements. The program also helps participants arrange financing for the balance of project costs through partnerships with third-party lenders. The program has the following objectives:

- Save natural gas through cost-effective energy efficiency retrofit projects.
- Make comprehensive energy-efficiency retrofits affordable by combining customized financial incentives with third-party financing to provide participating customers with immediate positive cash flow.
- Promote a better understanding of energy efficiency options available to PGW's nonresidential customers.

**TABLE 13. EFFICIENT BUILDING GRANTS PROGRAM ACTIVITY FOR FY 2014**

	FY 2014		
	Actual	Goal	%
<b>PARTICIPATION</b>			
Applications	11		
Incentive Agreements Issued	11		
<b>Customer with Installations</b>	<b>8</b>	<b>27</b>	<b>30%</b>
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	<b>\$70,606</b>	<b>\$232,621</b>	<b>30%</b>
Administration and Management	\$-		
Marketing and Business Development	\$-		
Contractor Costs	\$39,335		
Inspection and Verification	\$6,363		
On-site Technical Assessment	\$-		
Evaluation	\$24,908		
<b>Customer Incentives</b>	<b>\$63,819</b>	<b>\$513,333</b>	<b>12%</b>
<b>Total Program Spending</b>	<b>\$134,424</b>	<b>\$745,954</b>	<b>18%</b>
Participant Costs	\$168,958	\$548,432	31%
<b>Total Cost</b>	<b>\$303,382</b>	<b>\$1,294,386</b>	<b>23%</b>
<b>SAVINGS</b>			
First Year MMBtu	2,295	11,700	20%
Lifetime MMBtu	44,765	187,200	24%
First Year kWh	23,023		
Lifetime kWh	487,063		
Summer Peak Demand kW	3.62		
First Year Water (Million Gallons)	0.71		
Lifetime Water (Million Gallons)	6.85		

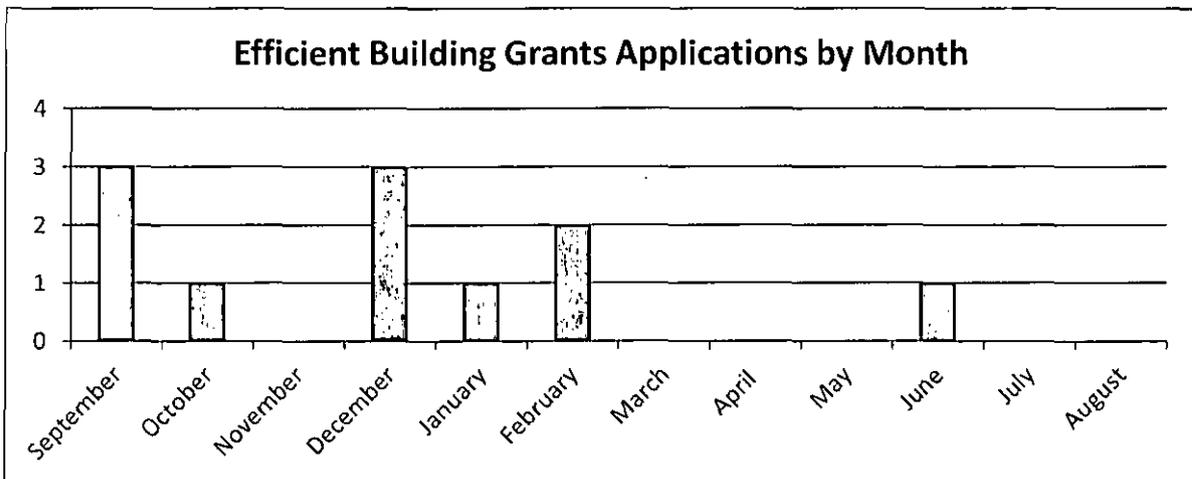
**TABLE 14. COST-EFFECTIVENESS RESULTS FOR EFFICIENT BUILDING GRANTS (INCEPTION THROUGH FY 2014)**

Present Value (2009\$)	Actual
Benefits	\$691,713
Costs	\$530,677
Net Benefits	\$161,035
BCR	1.30

**4.1. Notable Program Activities in FY 2014**

PGW received 11 applications from landlords, business owners, and trade allies, many of which came during the first half of the fiscal year, as shown in Figure 2. Eight Efficient Building Grant projects were completed during the year, including several that were initially applied for during previous fiscal years.

**FIGURE 2. EFFICIENT BUILDING GRANTS FY 2013 APPLICATION ACTIVITY BY MONTH**



Efficient Building Grants marketing and communications activities have resulted in a “slow-burn” for projects. From inception through August 2014, the Efficient Building Grants project lifecycle from time of application to time of grant payment ranged from 4 months to 22 months, with the average project taking about 6.5 months. Applications received in FY 2013 resulted in a steady rise in the number of incentive agreements and grants issued in the first half of FY 2014. Additional time was required prior to the application for business development to generate new leads. This timeframe meant that projects could take many months or even years to cultivate before grant payout would occur.

**Trade Ally Network**

PGW launched a new EnergySense C&I Trade Ally Network in 2014, designed to assist customers with two main hurdles in implementing an energy efficiency retrofit project – identifying energy conservation service providers to perform upgrades, and commercial

lenders to finance the work. The network provided a directory to ease the resource burden of retrofit projects by connecting customers to contractors that can design and build energy efficiency retrofit projects, and commercial lenders that can finance the projects.

**Multifamily Trend**

In 2014, PGW continued to see strong participation in Efficient Building Grants program from multifamily property owners, as shown in Table 15. The early program targeting resulted in a greater number of relatively small projects compared to the targeted average project savings and incentive sizes, resulting in a decreased amount of incentive funds issued and savings achieved as compared with initial projections. Although these projects were comprehensive and cost-effective, the net benefits were relatively low due to the relatively low natural gas consumption at the properties.

**TABLE 15. EFFICIENT BUILDING GRANTS PARTICIPANT SUMMARY**

Customer Type	FY2014	Inception To-Date	Total Percent
Multi-family	8	15	53%
Commercial	0	0	
Industrial	0	0	
<b>Total</b>		<b>15</b>	

A review of the program’s application activity in Table 16 shows a far greater diversity in building types than the program participants. PGW believes this to be due to hurdles experienced by small business owners and commercial buildings when planning an energy efficiency retrofit project. Some common hurdles to converting commercial applications include owner access to financing, and competing priorities of building owners.

**TABLE 16. EFFICIENT BUILDING GRANTS APPLICANT SUMMARY**

Customer Type	FY2014	Inception To-Date	Total Percent
Multi-family	4	34	12%
Commercial	5	21	24%
Industrial	2	3	67%
<b>Total</b>	<b>11</b>	<b>58</b>	<b>19%</b>

## 5. Commercial and Industrial Equipment Rebates

The Commercial and Industrial Equipment Rebates Program ("CIER") issues prescriptive rebates on premium efficiency gas appliances and heating equipment to increase the penetration of these measures in the facilities of PGW nonresidential customers. The program has the following objectives:

- Promote the selection of premium efficiency models at the time of purchase of commercial- and industrial-sized gas heating equipment.
- Increase business customers' awareness of the breadth of energy efficiency opportunities in their properties.
- Strengthen PGW's relationship with business customers as partners in energy efficiency.
- Encourage market actors throughout the supply chain to provide and promote high efficiency options.
- Align incentives with other programs.
- Aid in market transformation towards highest-efficiency options.

Eligible customers use certified contractors to install the premium efficiency equipment and receive cash rebates to offset most of the incremental cost of the higher efficiency equipment.

**TABLE 17. CIER RESULTS FOR FY 2014**

	FY 2014		
	Actual	Goal	%
<b>PARTICIPATION<sup>10</sup></b>			
Rejected Claims	8		
<b>Completed Claims</b>	<b>36</b>	<b>250</b>	<b>14%</b>
Total Claims	44		
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	<b>\$48,026</b>	<b>\$201,951</b>	<b>24%</b>
Administration and Management	\$-		
Marketing and Business Development	\$-		
Contractor Costs	\$48,026		
Inspection and Verification	\$-		
On-site Technical Assessment	\$-		
Evaluation	\$-		
<b>Customer Incentives</b>	<b>\$76,548</b>	<b>\$365,588</b>	<b>21%</b>
<b>Total Program Spending</b>	<b>\$124,574</b>	<b>\$567,539</b>	<b>22%</b>
Participant Costs	\$51,888	\$132,607	39%
<b>Total Costs</b>	<b>\$176,462</b>	<b>\$700,146</b>	<b>25%</b>
<b>SAVINGS</b>			
First Year MMBtu	2,994	19,905	15%
Lifetime MMBtu	56,239	316,144	18%
First Year Water (Million Gallons)	1.61		

<sup>10</sup> A claim is a rebate request for one piece of equipment. Because applications can have claims for multiple pieces of equipment, metrics for this section are based on claims.

Lifetime Water (Million Gallons)	17.24		
<b>MEASURES</b>			
Commercial Boilers	15		
Commercial Gas Convection Oven	14		
Commercial Fryer	3		
Commercial Gas Steam Cooker	2		

**TABLE 18. COST-EFFECTIVENESS RESULTS FOR CIER (INCEPTION THROUGH FY 2014)**

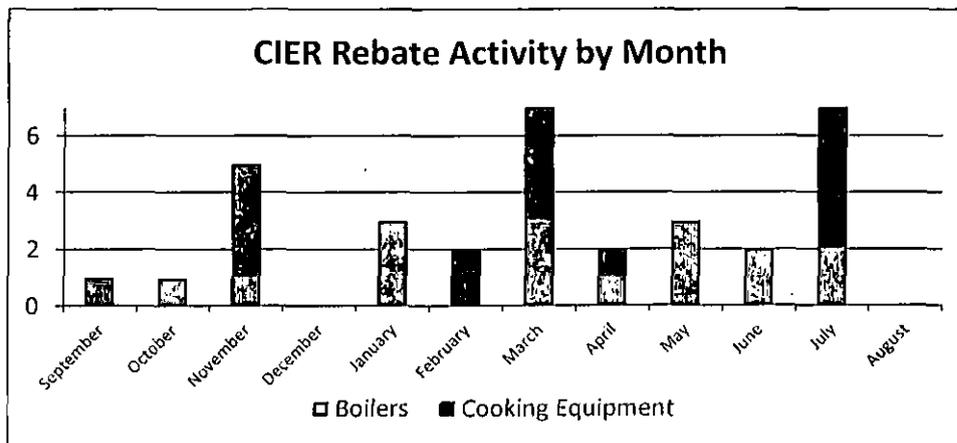
Present Value (2009\$)	Actual
Benefits	\$902,666
Costs	\$287,619
Net Benefits	\$615,046
BCR	3.14

**5.1. Notable Program Activities in FY 2014**

CIER has served a broad range of customers from multifamily building owners, to churches, to restaurants. The Commercial Equipment Rebates Program boiler rebates have most frequently gone to multifamily building owners, typically installing multiple staged units, with an average of 1 check issued per-month over the past year.

PGW commercial food service equipment rebates experienced a rise in interest from a range of commercial kitchens including catering halls, commissaries, and restaurants during FY 2014. Although slower to start-up, activity increased in FY2014, with 44 applications, as shown in Figure 3. This is 46 percent higher activity than in the first full fiscal year of the program. In just one example, a restaurant in Center City Philadelphia received a combined rebate of \$2,000 for installing two high-efficiency gas fryers, estimated to save the business owner \$1,485 in annual gas costs at current rates.

**FIGURE 3. FY 2014 CIER REBATE ACTIVITY**



### **Equipment Eligibility Updates**

In January 2014, ENERGY STAR® updated its eligibility criteria for convection ovens. As a result, several ovens that met the previous certification standards became ineligible for continued certification and thereby became ineligible for PGW EnergySense rebates. PGW continued to accept applications for new ovens that met the ENERGY STAR eligibility criteria at the time of manufacture, so that customers were not penalized for purchasing slightly older models of high-efficiency equipment. PGW expects few of the previously-certified ovens to remain on the market in FY 2015. Those that do will retain their ENERGY STAR label, which was awarded based on eligibility requirements at the time the equipment was manufactured.

## 6. Efficient Construction Grants Program

The Efficient Construction Grants program promotes natural gas energy efficiency in the construction and gut rehab markets, both for residential and non-residential construction projects. The program provides technical assistance and prescriptive financial incentives for projects that go beyond building code. Incentives increase progressively the more natural gas a project saves compared to the code baseline. The program has the following objectives:

- Save natural gas through cost-effective energy efficiency new construction and gut rehabilitation projects.
- Promote a better understanding of energy efficiency options available in the new construction and gut rehabilitation markets.
- Aid in market transformation towards highest-efficiency building and equipment options.

**TABLE 19. EFFICIENT CONSTRUCTION GRANTS PROGRAM RESULTS FOR FY 2014**

	FY 2014		
	Actual	Goal	%
<b>PARTICIPATION</b>			
Residential Applications	22		
Commercial Applications	21		
Applications Rejected or Withdrawn	6		
<b>Customers with Installations</b>	5	192	3%
Residential	4	180	
Commercial	1	12	
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	\$53,330	\$134,428	40%
Administration and Management	\$-		
Marketing and Business Development	\$-		
Contractor Costs	\$53,120		
Inspection and Verification	\$210		
On-site Technical Assessment	\$-		
Evaluation	\$-		
<b>Customer Incentives</b>	\$67,760	\$244,680	28%
<b>Total Program Spending</b>	\$121,090	\$379,108	32%
Participant Costs	\$-	\$61,170	0%
<b>Total Cost</b>	\$121,090	\$440,278	28%
<b>SAVINGS</b>			
Net Annual MMBtu	1,232	4,270	29%
Net Lifetime MMBtu	20,921	85,397	24%

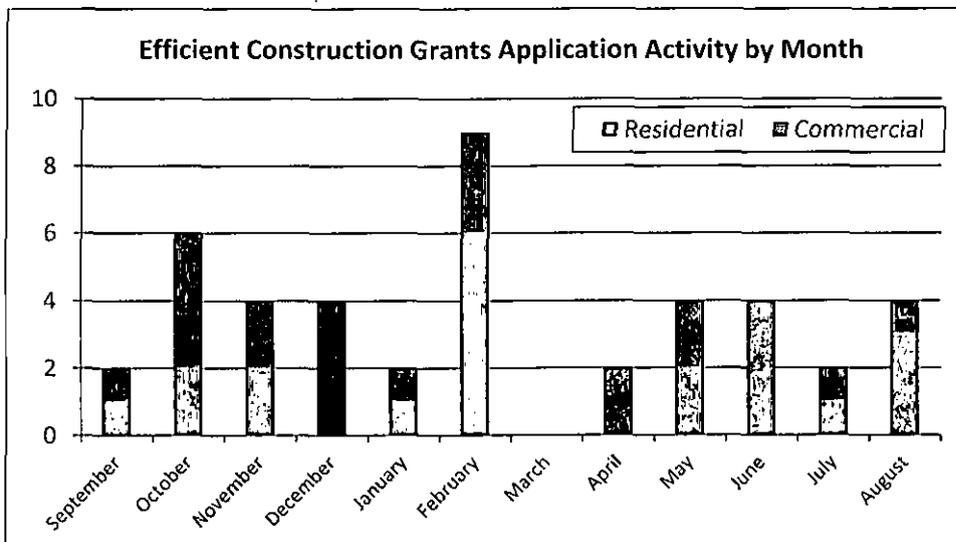
**TABLE 20. COST-EFFECTIVENESS RESULTS FOR EFFICIENT CONSTRUCTION GRANTS (INCEPTION THROUGH FY 2014)**

PRESENT VALUE (2009\$)	Actual
Benefits	\$205,738
Costs	\$173,974
Net Benefits	\$31,764
BCR	1.18

**6.1. Notable Program Activities in FY 2014**

The Efficient Construction Grant program received 43 applications, had 6 applications withdrawn or rejected, and has issued \$67,760 in incentives. As shown in Figure 4, there was a fairly even split of applications between commercial, including multifamily, and single-family residential projects.

**FIGURE 4. FY 2014 EFFICIENT CONSTRUCTION GRANTS APPLICATION ACTIVITY**



In FY 2014, PGW introduced an updated program application, redesigned to eliminate the need for conducting an energy model on each home or small multifamily property. Customers are presented with two tracks, one for single-family residences and the other for small multi-family buildings with distributed heating systems. An Excel workbook application shows specific cost-effective upgrades that developers can consider when designing their projects. This redesigned process streamlined the requirements to participate in Efficient Construction Grants which resulted in increased customer participation, a higher lead conversion rate for new projects, and reduced program administration costs as fewer projects will undergo an energy modeling review.

**Incentive Changes**

The Efficient Construction Grants program updated incentives to reflect a streamlined program delivery and increase customer participation. Single-family residential projects

will be eligible for a construction grant of up to \$750 for achieving at least 20 percent savings.

*In June of FY14, the incentive calculation for single family homes was changed to reflect equipment eligible for a prescriptive rebate. The customer will receive a minimum grant equal to the value of the prescriptive rebate for all eligible heating equipment aligned with Residential Equipment Rebates. In these instances, the construction grant will be scaled down based on the percentage of savings attributed to equipment not covered by the prescriptive rebate.*

When the program launched, the incentive tiers began at 5 percent savings. In FY 2014 PGW increased the minimum savings from 10 percent to 15 percent in order to drive increased savings and ensure project cost-effectiveness.

## 7. Home Rebates

The Home Rebates program offers performance-based incentives to PGW's residential customers who implement whole-home energy efficiency retrofits. The program has the following objectives:

- Save natural gas through cost-effective residential retrofits.
- Achieve reductions of 20 percent or more in annual gas heating consumption on average among all participants.
- Promote better understanding of energy efficiency options available for the residential market.

**TABLE 21. HOME REBATES RESULTS FOR FY 2014**

	FY 2014		
	Actual	Goal	%
<b>PARTICIPATION</b>			
Audits	375		
<b>Completed Jobs</b>	<b>195</b>	<b>1,384</b>	<b>14%</b>
<b>COSTS (Nominal)</b>			
<b>Non-Incentive Spending</b>	<b>\$268,157</b>	<b>\$480,000</b>	<b>56%</b>
Administration and Management	\$-		
Marketing and Business Development	\$-		
Contractor Costs	\$268,157		
Inspection and Verification	\$-		
On-site Technical Assessment	\$-		
Evaluation	\$-		
<b>Incentives</b>	<b>\$334,067</b>	<b>\$2,174,597</b>	<b>15%</b>
<b>Total Program Spending</b>	<b>\$602,224</b>	<b>\$2,654,597</b>	<b>23%</b>
Participant Costs	\$545,850	\$2,254,980	
<b>Total Cost</b>	<b>\$1,148,074</b>	<b>\$4,909,577</b>	<b>23%</b>
<b>SAVINGS</b>			
First Year MMBtu	5,202	35,583	15%
Lifetime MMBtu	143,545	747,237	19%
First Year kWh	64,021		
Lifetime kWh	1,925,952		

**TABLE 22. COST-EFFECTIVENESS RESULTS FOR HOME REBATES (INCEPTION THROUGH FY 2014)**

<b>PRESENT VALUE (2009\$)</b>	<b>Actual</b>
Benefits	\$798,794
Costs	\$1,142,714
Net Benefits	\$(343,920)
BCR	0.70

**7.1. Notable Program Activities in FY 2014**

FY 2014 was the first full program year for the Home Rebates Program. Through the program, 195 jobs were completed with an average customer rebate of \$1,240. Although initial program uptake was slow, marketing activities drove 375 audits over the course of the year with a conversion rate of 52 percent of audits proceeding to measure installations. *This conversion rate exceeded PGW’s initial projection of 35 percent.*

The Home Rebates program was not cost-effective in 2014, though it continues to make positive progress. One way to consider improvements to-date is to look at the TRC results excluding administrative overhead, but including all audit and completed project costs. From this perspective, the program provided net benefits since inception of \$95,000, with a BCR of 1.14.

Unfortunately, delays in both program and CSP ramp-up have hampered program participation, with just 14 percent of projected projects reaching completion in FY 2014. Due to the painstaking work required to setup and grow a best-in-class contractor network as well as increase market awareness, administrative costs remain in-line with expectations while project pipelines have yet to catch-up. The program has been able to improve its cost-effectiveness significantly, but activity levels are still below those needed to support the overhead requirements.

Home Performance is a new concept to many in the local marketplace, and PGW has worked to overcome challenges in messaging and marketing the program to customers, as well as constructing a comprehensive contractor network from the ground up. Building the infrastructure in both customer awareness and contractor resources requires time, effort, and expenditures. The program’s sustained high conversion rate over the past fiscal year shows that customers value Home Rebates. PGW believes that the improvements made in marketing and contractor performance will lead to greater participation, market awareness, and higher participation. Now that start-up costs have been incurred and volume is increasing, PGW expects net benefits and BCR to continue trending positively towards cost-effectiveness.

PGW and its Program Administrator made several improvements throughout the year to streamline program delivery, improve CSP performance, and increase customer participation. Notable program management activities included:

- CSPs may claim savings for no-cost Direct Install measures performed at the audit, such as reprogramming thermostats and turning down hot water heater temperature. This adds to program savings for projects that don't progress past the audit stage, and demonstrates value to customers.
- The Excel-based contractor tool, which automatically generates a customer report, has been updated to be customized for CSPs and more customer-friendly, as well as reduce possibility for data entry errors.
- PGW's marketing push during the final months of FY2014 surrounding its residential heating equipment rebate reduction rebate drove an increase in activity as customers sought to participate before rebate levels were reduced.
- A significant amount of projects were financed through the Keystone HELP loan, which was subsidized by the state and federal government and offered at 0.99 percent interest. It was announced in July that this rate was raised to 9.99 percent, which has made financing of projects a greater hurdle for some customers.

In late FY 2014, PGW held an RFP to select additional CSPs to participate in the program, with the goal of increasing customer participation by providing additional CSP choices. Through this process, PGW selected two new CSPs which it will bring on board in FY 2015.

### **Marketing**

As the EnergySense program with the broadest market base of potential customers, PGW has focused its EnergySense marketing activities on promoting Home Rebates to drive program and portfolio awareness. The marketing activities included general market awareness in the form of print, TV, radio and online advertisements, as well as leveraging PGW resources like placing ads in gas bills and in customer service centers. In the first full program year, PGW tested marketing messages and learned what elements of the program needed improvement. PGW's messaging has focused largely on improved comfort, with savings as a secondary driver. Although customers have responded positively to this messaging, the program continues to underperform so PGW will hone its message and call to action during the FY 2015 program year.

PGW has also taken more of a role in proactive lead generation; a responsibility that is shared with the CSPs. In FY 2014, PGW launched the Neighborhood Blitz initiative in which four targeted neighborhoods were blanketed with various local outreach efforts throughout the year. This included posting flyers at businesses on local "main streets," making presentations at community meetings and enrolling leads, canvassing homeowners, targeted advertising and earned media. The goal of this effort is to create market awareness so to generate customer familiarity with the program at the same time that CSPs and program representatives are directly targeting neighborhoods with active lead generation activities. The success of this campaign was confirmed by the fact that 25 percent of the approved audits and completed jobs were performed in the zip codes of the four targeted neighborhoods. In light of these findings, PGW will continue this neighborhood-based strategy to drive program activity.

## 8. Appendix - Cost Recovery Reconciliation

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TABLE 23. USC COST RECOVERY (SEPTEMBER 2013 THROUGH AUGUST 2014)

<u>Month</u>		<u>Applicable Volumes</u>	<u>USC Charge</u>	<u>USC Revenue Billed</u>	<u>USC Expenses</u>	<u>Monthly Over/(Under) Recovery</u>	<u>Cumulative Over/(Under) Recovery</u>
<b>FY 13 Reconciliation</b>							(\$6,919,694)
September 2013	Actual	1,177,368	\$1.946	\$2,291,393	-\$1,707,399	\$3,998,792	(\$2,920,902)
October	Actual	1,435,177	\$1.873	\$2,688,374	-\$369,357	\$3,057,730	\$136,828
November	Actual	3,421,654	\$1.873	\$6,409,441	\$5,764,138	\$645,303	\$782,131
December	Actual	6,701,383	\$1.788	\$11,982,073	\$13,299,609	-\$1,317,536	(\$535,405)
January 2014	Actual	9,256,342	\$1.703	\$15,761,699	\$17,931,169	-\$2,169,470	(\$2,704,875)
February	Actual	10,394,269	\$1.703	\$17,699,361	\$21,185,077	-\$3,485,717	(\$6,190,592)
March	Actual	8,864,243	\$1.850	\$16,397,519	\$17,616,543	-\$1,219,024	(\$7,409,615)
April	Actual	5,039,458	\$1.997	\$10,063,293	\$10,726,160	-\$662,866	(\$8,072,482)
May	Actual	2,365,074	\$1.997	\$4,722,817	\$3,242,330	\$1,480,487	(\$6,591,995)
June	Actual	1,387,030	\$1.942	\$2,693,127	-\$657,374	\$3,350,501	(\$3,241,493)
July	Actual	1,127,804	\$1.886	\$2,127,489	-\$1,098,341	\$3,225,830	(\$15,663)
August	Actual	1,029,099	\$1.886	\$1,941,293	\$586,703	\$1,354,590	\$1,338,927

TABLE 24. USC EXPENSES (SEPTEMBER 2012 THROUGH AUGUST 2013)

<b>USC Expenses</b>	<b>Sep-13</b>	<b>Oct-13</b>	<b>Nov-13</b>	<b>Dec-13</b>	<b>Jan-14</b>	<b>Feb-14</b>
ELIRP Expense	\$31,547	\$530,549	\$763,865	\$799,164	\$36,659	\$1,330,538
ELIRP Labor	\$7,337	\$7,370	\$19,928	\$7,314	\$9,083	\$(1,231)
CRP Discount	\$(2,491,002)	\$(1,676,044)	\$3,993,630	\$11,198,218	\$16,308,015	\$18,201,042
CRP Forgiveness	\$583,851	\$572,257	\$514,189	\$462,173	\$466,239	\$453,954
Senior Citizen Discount	\$160,868	\$196,511	\$472,526	\$832,740	\$1,111,173	\$1,200,774
Bad Debt Expense Offset*	\$-	\$-	\$-	\$-	\$-	\$-
<b>Total</b>	<b>\$(1,707,399)</b>	<b>\$(369,357)</b>	<b>\$5,764,138</b>	<b>\$13,299,609</b>	<b>\$17,931,169</b>	<b>\$21,185,077</b>
<b>USC Expenses</b>	<b>Mar-14</b>	<b>Apr-14</b>	<b>May-14</b>	<b>Jun-14</b>	<b>Jul-14</b>	<b>Aug-14</b>
ELIRP Expense	\$332,118	\$1,060,886	\$628,474	\$58,313	\$648,146	\$2,433,496
ELIRP Labor	\$7,922	\$12,890	\$17,059	\$13,427	\$13,034	\$62,515
CRP Discount	\$15,700,281	\$8,484,201	\$1,720,871	\$(1,401,964)	\$(2,444,056)	\$(2,507,206)
CRP Forgiveness	\$543,978	\$523,725	\$556,446	\$494,920	\$545,990	\$465,632
Senior Citizen Discount	\$1,032,244	\$644,458	\$319,480	\$177,930	\$138,545	\$132,266
Bad Debt Expense Offset*	\$-	\$-	\$-	\$-	\$-	\$-
<b>Total</b>	<b>\$17,616,543</b>	<b>\$10,726,160</b>	<b>\$3,242,330</b>	<b>\$(657,374)</b>	<b>\$(1,098,341)</b>	<b>\$586,703</b>
<b>USC Expenses</b>						<b>Total</b>
ELIRP Expense						\$8,653,754
ELIRP Labor						\$176,648
CRP Discount						\$65,085,987
CRP Forgiveness						\$6,183,354
Senior Citizen Discount						\$6,419,516
Bad Debt Expense Offset*						\$-
<b>Total</b>						<b>\$86,519,258</b>

\*Bad Debt Expense Offset Applicable When Actual CRP Participation Exceeds 84,000

**TABLE 25. EFFICIENCY COST RECOVERY SURCHARGE (SEPTEMBER 2012 THROUGH AUGUST 2013)**

**Residential & PHA GS**

		Actual Sep-13	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14
FY 2013 Over-Collection	\$2,522,992												
Volume Billed		778,681	915,798	2,461,096	5,056,256	7,089,097	8,088,151	6,821,924	3,922,378	1,736,034	948,768	734,497	660,584
ECR Surcharge		\$0.092	\$0.107	\$0.107	\$0.094	\$0.080	\$0.080	\$0.075	\$0.071	\$0.071	\$0.022	-\$0.027	-\$0.027
Revenue Billed		\$71,911	\$98,082	\$263,583	\$474,024	\$569,963	\$650,287	\$514,714	\$276,528	\$122,390	\$20,731	-\$19,685	-\$17,704
RHER <sup>11</sup>	Expense	\$5,701	\$51,711	\$78,789	\$93,954	\$49,972	\$36,679	\$73,671	\$79,091	\$93,190	\$58,070	\$20,029	\$175,710
RHER	Labor	\$1,326	\$1,332	\$595	\$1,322	\$1,642	\$1,880	\$1,432	\$2,330	\$1,408	\$2,427	\$2,356	-\$1,769
HECI <sup>12</sup>	Expense	\$833	\$80	\$74	\$4,107	\$14,801	\$3,092	\$1,706	\$3,171	\$31,767	\$2,578	\$1,506	\$10,171
HECI	Labor	\$194	\$195	-\$78	\$193	\$240	\$505	\$209	\$340	\$388	\$354	\$344	-\$1,056
CRR1 <sup>13</sup>	Expense	\$11,267	\$54,613	\$33,007	\$51,388	\$93,481	\$76,042	\$109,723	\$86,857	\$102,397	\$85,608	\$72,799	\$91,776
CRR1	Labor	\$2,620	\$2,632	-\$2,463	\$2,612	\$3,244	\$8,159	\$2,829	\$4,604	\$5,346	\$4,796	\$4,655	-\$20,390
CIR1 <sup>14</sup>	Expense	\$1,049	\$100	-\$1,150	\$9,621	\$969	\$37,814	\$8,809	\$7,677	\$18,700	\$2,049	\$1,729	-\$3,084
CIR1	Labor	\$244	\$245	-\$489	\$243	\$302	\$1,234	\$263	\$429	\$1,955	\$447	\$433	-\$2,854
CIER <sup>15</sup>	Expense	\$200	\$628	-\$828	\$1,104	\$514	-\$1,843	\$101	\$2,446	-\$2,322	\$1,515	\$869	-\$2,385
CIER	Labor	\$46	\$47	-\$93	\$46	\$57	-\$175	\$50	\$82	-\$61	\$85	\$83	-\$167
Total		\$23,481	\$111,582	\$107,364	\$164,591	\$165,221	\$163,388	\$198,794	\$187,026	\$252,768	\$157,928	\$104,801	\$245,953
Monthly Over/(Under)		\$48,430	-\$13,500	\$156,219	\$309,433	\$404,742	\$486,900	\$315,920	\$89,501	-\$130,378	-\$137,197	-\$124,486	-\$263,657
Cumulative Over/(Under)		\$2,571,423	\$2,557,923	\$2,714,142	\$3,023,575	\$3,428,317	\$3,915,217	\$4,231,137	\$4,320,638	\$4,190,260	\$4,053,063	\$3,928,577	\$3,664,920

<sup>11</sup> Residential Equipment Rebate Program

<sup>12</sup> Efficient Construction Grant Program

<sup>13</sup> Home Rebates Program

<sup>14</sup> Efficient Building Grants Program

<sup>15</sup> Commercial and Industrial Equipment Rebates Program

**TABLE 26. EFFICIENCY COST RECOVERY SURCHARGE (SEPTEMBER 2012 THROUGH FEBRUARY 2013)**

**Commercial & PHA**

<b>COMMERCIAL &amp; PHA</b>		Actual	Actual										
FY 2013 Over-Collection	\$537,575	<u>Sep-13</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>
Volume Billed		365,998	469,135	851,536	1,426,426	1,889,502	1,970,388	1,799,421	966,584	\$62,693	395,476	350,871	333,317
ECR Surcharge		<u>\$0.088</u>	<u>\$0.096</u>	<u>\$0.096</u>	<u>\$0.092</u>	<u>\$0.087</u>	<u>\$0.087</u>	<u>\$0.083</u>	<u>\$0.078</u>	<u>\$0.078</u>	<u>\$0.034</u>	<u>-\$0.010</u>	<u>-\$0.010</u>
Revenue Billed		\$32,299	\$45,084	\$81,833	\$130,661	\$164,576	\$171,621	\$148,722	\$75,587	\$44,003	\$13,446	-\$3,579	-\$3,400
RHER	Expense	\$377	\$3,417	-\$1,563	\$6,209	\$3,302	\$27,411	\$4,868	\$5,227	\$55,625	\$3,837	\$1,324	\$24,631
RHER	Labor	\$88	\$88	-\$122	\$87	\$108	\$595	\$95	\$154	\$1,380	\$160	\$156	-\$103
CIRI	Expense	\$2,058	\$20,697	\$2,076	\$18,873	\$27,316	-\$17,391	\$17,281	\$15,060	-\$17,286	\$4,019	\$3,391	-\$6,840
CIRI	Labor	\$479	\$481	\$401	\$477	\$593	\$371	\$517	\$841	-\$522	\$876	\$850	-\$3,348
CIER	Expense	\$2,227	\$7,005	\$2,907	\$12,312	\$5,729	\$21,239	\$1,129	\$27,288	\$16,830	\$16,904	\$9,694	\$10,315
CIER	Labor	\$518	\$520	-\$178	\$516	\$641	\$1,336	\$559	\$910	\$956	\$948	\$920	-\$4,372
HECI	Expense	\$833	\$80	\$74	\$4,107	\$14,801	\$3,092	\$1,706	\$3,171	\$32,387	\$2,578	\$1,506	-\$2,806
HECI	Labor	\$194	\$195	-\$78	\$193	\$240	\$505	\$209	\$340	\$411	\$354	\$344	-\$1,385
Total		\$6,773	\$32,483	\$3,515	\$42,775	\$52,729	\$37,158	\$26,364	\$52,991	\$89,781	\$29,677	\$18,184	\$16,092
Monthly Over/(Under)		\$25,526	\$12,601	\$78,317	\$87,885	\$111,846	\$134,463	\$122,358	\$22,596	-\$45,778	-\$16,231	-\$21,763	-\$19,492
Cumulative Over/(Under)		\$563,102	\$575,703	\$654,020	\$741,906	\$853,752	\$988,215	\$1,110,573	\$1,133,169	\$1,087,391	\$1,071,160	\$1,049,396	\$1,029,904

**TABLE 27. EFFICIENCY COST RECOVERY SURCHARGE (SEPTEMBER 20102 THROUGH FEBRUARY 2013)**

**Industrial**

<b>INDUSTRIAL</b>		Actual											
		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
FY 2013 Over-Collection	\$378,851												
Volume Billed		24,001	40,832	59,249	103,098	149,939	156,735	141,299	69,883	38,259	31,115	35,317	27,033
ECR Surcharge		<u>-\$0.244</u>	<u>-\$0.228</u>	<u>-\$0.228</u>	<u>-\$0.307</u>	<u>-\$0.386</u>	<u>-\$0.386</u>	<u>-\$0.296</u>	<u>-\$0.206</u>	<u>-\$0.206</u>	<u>-\$0.175</u>	<u>-\$0.144</u>	<u>-\$0.144</u>
Revenue Billed		-\$5,862	-\$9,293	-\$13,485	-\$31,641	-\$57,906	-\$60,531	-\$41,832	-\$14,389	-\$7,878	-\$5,445	-\$5,089	-\$3,895
CIRI Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CIRI Labor		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CIER Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CIER Labor		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Over/(Under)		-\$5,862	-\$9,293	-\$13,485	-\$31,641	-\$57,906	-\$60,531	-\$41,832	-\$14,389	-\$7,878	-\$5,445	-\$5,089	-\$3,895
Cumulative Over/(Under)		\$372,989	\$363,695	\$350,210	\$318,569	\$260,663	\$200,132	\$158,300	\$143,911	\$136,034	\$130,589	\$125,500	\$121,604

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a true copy of PGW's Demand Side Management Program Annual Report FY 2014 upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant).

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