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December 8, 2015

Via E-Filing

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

Re: Petition of Philadelphia Gas Works for Approval of Demand Side Management Plan for FY 2016-2020 and Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 52 Pa Code § 62.4 – Request for Waivers, P-2014-2459362.

Dear Secretary Chiavetta:

Enclosed please find the **Reply Brief of Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia** in the above captioned matter.

Copies are being served on parties as identified in the attached certificate of service. If you have any questions, please contact me at (215) 227-4378

Sincerely,

A handwritten signature in cursive script that reads 'Josie B. H. Pickens'.

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Enclosures

cc: Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand Side Management Plan for	:	
FY 2016-2020	:	
	:	
And	:	
	:	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	:	
	:	

REPLY BRIEF

ON BEHALF OF TURN *et al.*

**(TENANT UNION REPRESENTATIVE NETWORK and
ACTION ALLIANCE OF SENIOR CITIZENS
OF GREATER PHILADELPHIA)**

December 8, 2015

Attorneys for TURN *et al.*

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Regulations

- 52 Pa. Code § 62.3(b) 2;7

Administrative Decisions

- *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4, Docket No. M-2013-2366301*(Order entered August 22, 2014)6

I. INTRODUCTION AND STATEMENT OF THE CASE

Before the Pennsylvania Public Utility Commission (“Commission”) are the Petitions of Philadelphia Gas Works (PGW) for Approval of PGW’s Demand-Side Management (DSM) Plan (DSM Plan or Plan) for FY 2016-2020 and its Universal Service and Energy Conservation Plan (USECP) for 2014-2016 52 Pa. Code Sec. 62.4 – Request for Waivers (together, “Petition”).

On November 19, 2015, Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN *et al.*) submitted its Main Brief. Main briefs were also submitted by PGW, the Office of Consumer Advocate (OCA), the Office of Small Business Advocate (OSBA), the Public Utility Commission’s Bureau of Investigation and Enforcement (I&E), the Philadelphia Industrial and Commercial Gas Users Group (PICGUG), and the Coalition for Affordable Utility Service and Energy Efficiency in Pennsylvania (CAUSE-PA). TURN *et al.* now file this Reply Brief in response to the main brief of PGW regarding the *de facto* electric heating proposal and restore service program.¹ TURN *et al.* provide no additional argument in support of the other positions advanced in its Main Brief.

In its main brief, PGW opposed CAUSE-PA’s recommendation to include a *de facto* electric heating proposal and a restore service program within PGW’s LIURP. (PGW Main Brief at 70). PGW incorrectly concluded that the reasoning in support of these proposals is undermined by the fact that PGW’s CRP is a percent of income payment plan. (PGW Main Brief at 71). Record evidence in this proceeding contradicts PGW’s assertion that participation in LIURP does not have a direct financial impact on the CRP customer (PGW Main Brief at 71). Further, PGW has failed to recognize the true intent behind these proposals, which is to reduce

¹ CAUSE-PA took a position in support of the *de facto* electric heating proposal and restore service program (CAUSE-PA Main Brief at 29-38); the OCA does not oppose the *de facto* electric heating proposal and restore service program (OCA Main Brief at 84); the OSBA did not state its position on the proposals (OSBA Main Brief at 18); I&E took no position on the proposals (I&E Main Brief at 18); PICGUG took no position on the proposals (PICGUG Main Brief at 6).

the high number of PGW service terminations and the high number of households in PGW's service territory that are entering into winter and continuing through winter without a safe central heating source of natural gas (CAUSE-PA Main Brief at 33; 35). These concerns are adequately and appropriately addressed by provision of LIURP to the PGW customers and former customers who would be made eligible for services through a *de facto* electric heating proposal and restore service program. Energy conservation programs in Pennsylvania are intended to protect consumers' health and safety by helping low-income customers maintain affordable service.² PGW's LIURP should include PGW customers and former customers who would be made eligible for services through a *de facto* electric heating proposal and restore service program.

PGW's arguments in opposition to these proposals are unsubstantiated. PGW has argued, without reference to any supporting data, that expanding eligibility requirements for PGW's LIURP would be administratively complex. (PGW Main Brief at 70). Similarly, PGW failed to provide support for its contentions that the proposals would provide no additional value and would dilute the pool of eligible customers. (PGW Main Brief at 70-71). In contrast, the *de facto* electric heating proposal is supported by substantial evidence to show that there is critical need and an unprecedented opportunity for PGW to explore a *de facto* electric heating program in its service territory. (TURN *et al.* Main Brief 18-22). The record also supports a finding that PGW customers and former customers stand to benefit from a restore service program. (TURN *et al.* Main Brief 22-25). For the reasons set forth more fully in TURN *et al.*'s Main Brief and in the arguments that follow, TURN *et al.* request that the Commission order PGW to establish both a *de facto* electric heating proposal and a restore service program.

² 52 Pa. Code § 62.3(b).

II. ARGUMENTS IN REPLY TO PGW

A. *De Facto Electric Heating Proposal*

In this proceeding, CAUSE-PA proposed that PGW take a more active role in addressing *de facto* heating. (CAUSE-PA St. No 1 at 5). *De facto* heating occurs when a low-income customer relies on non-gas heating as a primary source of heating even though the residence is configured to be heated primarily with gas service. CAUSE-PA recommended that PGW investigate the possibilities for remediation of *de facto* heating and then provide a report and recommendations for action to the parties and stakeholders. (CAUSE-PA St. No. 1 at 20). CAUSE-PA and TURN *et al.* have presented substantial evidence to show that a *de facto* electric heating proposal is reasonable, necessary, and timely. (TURN *et al.* Main Brief at 18-22; CAUSE-PA Main Brief at 29-35). PGW has not presented any convincing evidence to show why it cannot undertake such an effort.

In its main brief, PGW incorrectly asserted that CAUSE-PA's concerns are focused on a public policy problem and a concern for PECO and its ratepayers. (PGW Main Brief at 81). PGW has failed to comprehend the rationale underlying the proposal. The *de facto* proposal is primarily concerned with the low-income households who are unable to maintain or reconnect their natural gas heating services and who are reliant on expensive, inefficient, and potentially unsafe *de facto* heating within PGW's service territory. (CAUSE-PA St. No. 1 Sur. at 6). Although CAUSE-PA's witness testified that there are positive opportunities and benefits available to PGW through collaboration with PECO to address *de facto* heating, the proposal is not limited to collaboration with PECO. The proposal would also allow PGW to investigate its

existing customers to determine if there are *de facto* heating customers who could be treated through PGW's LIURP. (CAUSE-PA Main Brief at 34). PGW has not conducted any such investigation of its customers and has not presented a plausible explanation for its unwillingness to do so.

PGW argued that requiring PGW to pursue such a program would require PGW to tackle complex structural or mechanical issues at homes that prevent the use of natural gas as the primary heating source. (PGW Main Brief at 82). This is false. The proposal calls for PGW to investigate the possibilities for remediation of *de facto* heating and then provide a report and recommendations for action to the parties and stakeholders. When asked in discovery to identify any impediments to addressing *de facto* heating within the context of the DSM Phase II, PGW stated that "PGW would need to learn more about the 'de facto heating' customer base before providing a response on impediments to a more targeted approach of serving these customers through DSM." (TURN *et al.* Hearing Exhibit No. 1 at 9). PGW makes the baseless and conclusory assertion that there are impediments to remediating *de facto* heating contrary to its specific admission that it does not possess the information necessary to identify any impediments. TURN *et al.* agree that PGW should learn more about its own vulnerable customer base to determine if its DSM is capable of treating their homes.

PGW provided three reasons why its LIURP eligibility should not be expanded to include a *de facto* heating proposal or restore service program. PGW argued, without reference to any supporting data, that expanding eligibility requirements for PGW's LIURP would be administratively complex. (PGW Main Brief at 70). Similarly, PGW failed to provide support for its contentions that the proposals would provide no additional value and would dilute the pool of eligible customers. (PGW Main Brief at 70-71). PGW's arguments are belied by PGW's own

admission that it does not know enough about the *de facto* heating population to identify impediments to treatment through DSM. Further, a *de facto* electric heating proposal and restore service program add tremendous value to PGW's LIURP by enabling vulnerable customers and former customers to regain safe natural gas heating service through participation in the program.

B. Restore Service Program

CAUSE-PA recommended that PGW establish a restore service program for former customers of PGW who were enrolled in CRP. The program would restore service to previously high users and would include provision of LIURP services to these households. (CAUSE-PA St. No. 1 at 17:4-6). CAUSE-PA's witness testified that PGW's high number of involuntary residential service terminations is a significant issue which PGW should attempt to address. (CAUSE-PA St. No. 1 at 16:6-7). CAUSE-PA recommended that PGW enhance its LIURP eligibility requirements to enable involuntarily shut-off customers to receive energy efficiency services. (CAUSE-PA St. No. 1 at 15:6-7). In its Main Brief, TURN *et al.* argued that a restore service program would address PGW's termination crisis and increase CRP enrollment. (TURN *et al.* Main Brief at 22-25). CAUSE-PA and TURN *et al.* have presented substantial evidence to show that a restore service program is reasonable, necessary, and timely. (TURN *et al.* Main Brief at 22-25; CAUSE-PA Main Brief at 35-38). PGW has not presented any convincing evidence to show why it cannot undertake such an effort.

PGW argued in its main brief that the proposal does not address how arrearages would be paid. TURN *et al.* submit that PGW can establish a restore service program that also addresses the payment of arrearages. The two concepts are not mutually exclusive. PGW can provide these customers with payment agreements or leverage existing grant assistance that would allow customers to access the restore service program.

PGW's overarching objection to the *de facto* electric heating proposal and restore service program appears to be grounded in the incorrect assertion that LIURP does not have a direct financial impact on the CRP customer (PGW Main Brief at 71). This is false. The record demonstrates that provision of LIURP services during DSM Phase I resulted in electric and water savings per household. (TURN *et al.* Hearing Exhibit No. 1 at 2). For any CRP customer who experienced a decrease in their electric and water costs as a result of these savings, this is a direct financial impact. PGW has failed to acknowledge the full range of benefits that result from LIURP treatment.³

There are significant numbers of former CRP customers who PGW determined were eligible for LIURP and who were terminated for non-payment prior to treatment. (TURN *et al.* Main Brief at 22-23). Many of these customers remain terminated and face the prospect of entering the winter without a safe source of heat. (TURN *et al.* Main Brief at 23). The Commission can extend LIURP eligibility to individuals who have previously been excluded under PGW's LIURP eligibility guidelines. In PGW's 2014-2016 Universal Services and Energy Conservation Plan proceeding, the Commission ordered PGW to reconsider the LIURP eligibility criteria that had previously excluded CRP customers with arrears greater than two months.⁴ PGW has since revised its USECP to include these customers. PGW can and should extend its LIURP eligibility to include vulnerable former CRP customers who would have been treated under PGW's LIURP but for a shut off for non-payment.

³ Moreover LIURP treatment could reduce actual bills for CRP customers and allow customers to achieve more affordable PGW bills without the need for CRP.

⁴ *Philadelphia Gas Works Universal Service and Energy Conservation Plan for 2014-2016 Submitted in Compliance with 52 Pa. Code § 62.4*, Docket No. M-2013-2366301(Order entered August 22, 2014) at Pg. 74.

PGW has attempted to exclude these vulnerable customers from its LIURP by severing the goal of energy conservation from the goals of consumer health and the provision of affordable utility service. (TURN *et al.* Main Brief at 24). Commission regulations clearly establish that energy conservation programs in Pennsylvania are intended, *inter alia*, to protect consumers' health and safety by helping low-income customers maintain affordable service.⁵ CAUSE-PA has proposed two reasonable mechanisms that would allow PGW's LIURP to improve customer health and safety through the provision of energy conservation services.

III. OTHER ARGUMENTS

TURN *et al.* offer no additional arguments in support of the other issues raised in its Main Brief. TURN *et al.* submit that none of the arguments in PGW's main brief are sufficient to counter the arguments advanced by TURN *et al.* For the reasons set forth in its Main Brief, TURN *et al.* request that the Commission:

1. Deny PGW's proposal to reduce the budget for PGW's mandated LIURP (TURN *et al.* Main Brief at 11-14);
2. Deny PGW's request for a conservation adjustment mechanism (TURN *et al.* Main Brief at 8-9);
3. Deny PGW's request for performance incentives (TURN *et al.* Main Brief at 10);
4. Deny PGW's request for waivers of Sections 58.4(a) and 58.10 of the LIURP Regulations (TURN *et al.* Main Brief at 15-17);
5. Deny PGW's proposal to provide a pathway to On Bill Repayment (OBR) for residential customers ((TURN *et al.* Main Brief at 5-7); and,

⁵ 52 Pa. Code § 62.3(b).

6. Approve the creation of a Low-Income Multifamily program with a budget that does not diminish PGW's LIURP budget (TURN *et al.* Main Brief at.14-15).

TURN *et al.* offer no further argument against restructuring PGW's CRP to include a price signal. To the extent that any argument in the OSBA's main brief raises an inference that CRP should be restructured, TURN *et al.* submit that the Commission should deny any such request for the reasons set forth in TURN *et al.*'s Main Brief (TURN *et al.* Main Brief at 25-27).

IV. CONCLUSION

TURN *et al.* support the continuation of PGW's DSM; however, for the reasons set forth in its Main Brief and Reply Brief, TURN *et al.* request that the Commission:

1. Deny PGW's proposal to drastically reduce the budget for PGW's mandated LIURP, and establish a budget of at least \$7,600,000 per year for CRP Home Comfort;
2. Deny PGW's request for a conservation adjustment mechanism;
3. Deny PGW's request for performance incentives;
4. Deny PGW's request for waivers of Section 58.4(a) and 58.10 of the LIURP Regulations;
5. Deny PGW's proposal to provide a pathway to On Bill Repayment (OBR) for residential customers;
6. Approve the creation of a Low-Income Multifamily program with a budget that does not diminish PGW's LIURP budget;
7. Deny OSBA's proposal to restructure PGW's CRP;
8. Require PGW to adopt a *de facto* electric heating proposal to address vulnerable *de facto* heating customers and former PGW CRP customers who are without natural gas service and who can be served by PGW's LIURP; and,

9. Require PGW to adopt a restore service program to address vulnerable *de facto* heating customers and former PGW CRP customers who are without natural gas service and who can be served by PGW's LIURP.

Respectfully submitted,

A handwritten signature in black ink that reads "Josie B. H. Pickens". The signature is written in a cursive style with a large initial "J" and "P".

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Respectfully submitted,

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