

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Petition of Philadelphia Gas Works
for Approval of Demand-Side
Management (DSM) Plan for FY
2016-2020; Philadelphia Gas Works
Universal Service and Energy
Conservation Plan for 2014-2016**

**Public Meeting October 6, 2016
2459362-OSA
Docket No. P-2014-2459362**

MOTION OF COMMISSIONER DAVID W. SWEET

Before the Commission for consideration and disposition are Comments filed in response to our Tentative Opinion and Order (Tentative Order) entered on August 4, 2016, regarding Philadelphia Gas Works' (PGW) Demand-Side Management Plan (DSM Plan) for 2016-2020. In our Tentative Order, this Commission expressed concerns regarding PGW's request to reduce the budget for its Low-Income Usage Reduction Program (LIURP) and for a waiver of this Commission's regulations at 52 Pa. Code § 58.4(c) (regarding the performance of a needs assessment when reducing LIURP budget). Due to these concerns, we proposed our own needs assessment, which utilized an average of a job completion rate budget calculation and a historical cost budget calculation. The resulting annual LIURP budget proposed and on which we solicited comments was \$5,860,506. We also requested comments regarding the inclusion of LIURP as part of PGW's DSM Plan and the appropriateness of moving LIURP to PGW's Universal Service and Energy Conservation Plan (USECP) going forward.

My thanks to the parties, including PGW, the Office of Consumer Advocate, the Commission's Bureau of Investigation and Enforcement (I&E) and the Joint Commenters,¹ for their feedback on our Tentative Order. While the points made in their Comments are well-taken, I have the same concerns as expressed by this Commission in the Tentative Order; specifically, that none of the LIURP budgets for which the parties are advocating are adequately supported by needs assessments.² I agree with Administrative Law Judges (ALJs) Christopher P. Pell and Marta Guhl who point out "Section 2203(8) of the Natural Gas Choice and Competition Act, which requires that universal service programs, including the usage reduction program, must be 'appropriately funded and available in each natural gas distribution service territory.'"³ The Competition Act language, in conjunction with our regulations at Chapter 58, is clear that, while we have budgetary minimums for LIURP,⁴ the actual budget for the program should be based on the needs of the service territory. PGW's proposal for a modified annual budget of approximately \$3.2M was made in conjunction with a request to waive our needs assessment

¹ The Joint Commenters are composed of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) and the Tenant Union Representative Network & Action Alliance of Senior Citizens of Greater Philadelphia (TURN, *et al.*).

² See *Tentative Order* at 65.

³ See *Recommended Decision* (RD) at 106. RD references 66 Pa. C.S. § 2203(8).

⁴ See 52 Pa. Code § 58.4(a) (regarding a minimum annual LIURP budget of at least 0.2% of a covered utility's jurisdictional revenues).

requirements, a request that I do not believe to be prudent or well supported. The parties advocating for the continuation of the previous annual budget of approximately \$7.6M do so based on a settlement from PGW's first DSM Plan. I believe that applicable law and guidelines suggest that the factors leading to the \$7.6M annual budget should be revisited in order to provide for the appropriate funding for PGW's LIURP.

This Commission proposed for comment an annual budget of \$5,860,506 for PGW's LIURP. After reviewing the parties' comments and the record in this proceeding, I believe further Commission review of PGW's LIURP budget, specifically in connection with PGW's currently-filed USECP for the 2017-2020 time period,⁵ is necessary. However, I do not believe such review should affect PGW's implementation of LIURP. Therefore, I propose that PGW be directed to utilize the Commission-proposed \$5,860,506 budget for its LIURP during the 2017 fiscal year.

Additionally, I propose that PGW's LIURP be referred to the Commission's Bureau of Consumer Services (BCS) for review in conjunction with PGW's currently-filed USECP for the 2017-2020 time period.⁶ BCS will perform its own needs assessment utilizing the information provided in PGW's USECP for 2017-2020 in order to determine an up-to-date budget that not only reflects the appropriate pool of eligible customers but also can, as discussed in the Competition Act, appropriately fund PGW's LIURP in a cost-effective manner. BCS will include in its recommendations to this Commission regarding PGW's 2017-2020 USECP the revised LIURP budget, as well as a methodology for aligning the timeframes for LIURP and the USECP.⁷ I believe it necessary to align PGW's LIURP with its USECP as is done for all other jurisdictional utilities with USECP requirements. BCS's recommendations, upon Commission approval, would then be released publicly for stakeholder comment.

I recognize and appreciate the arguments from PGW and I&E regarding the unique nature of PGW as being a city-owned natural gas distribution company with certain limitations. While BCS is well-suited to recommend to this Commission the amount at which LIURP is "appropriately funded," per the Competition Act, I note that this Commission takes into account all factors in weighing its decisions and their effects on not only low-income customers, but a utility's entire customer base. To aid the Commission in maintaining cost-effective programs, proposals from BCS will be released for public comment as part of PGW's 2017-2020 USECP proceeding. All interested parties are encouraged to weigh in on the appropriate balance in providing these programs, especially in a territory like PGW's.

⁵ See *Philadelphia Gas Works Universal Service and Energy Conservation Plan 2017-2020*, submitted April 28, 2016, at Docket No. M-2016-2542415.

⁶ This referral applies to the entirety of PGW's LIURP, including its proposed Low-Income Multifamily (LIME) Program.

⁷ Currently, PGW's LIURP is part of its DSM Plan and therefore operates on a fiscal year basis. PGW's USECP operates on a calendar year basis.

THEREFORE, I move that:

1. The budget for the Philadelphia Gas Works Low-Income Usage Reduction Program for the 2017 Fiscal Year be set at \$5,860,506.
2. The Philadelphia Gas Works' Low-Income Usage Reduction Program, including the Low-Income Multifamily Program, be referred to the Commission's Bureau of Consumer Services for further review as part of the Philadelphia Gas Works' Universal Service and Energy Conservation Plan for 2017-2020.
3. The Commission's Bureau of Consumer Services include in its recommendations regarding the Philadelphia Gas Works' Universal Service and Energy Conservation Plan for 2017-2020 a budget for the remaining years of the Low-Income Usage Reduction Program.
4. That the Office of Special Assistants prepare an Opinion and Order consistent with this Motion.

DATE: October 6, 2016



**DAVID W. SWEET
COMMISSIONER**

