

**10 YEAR ANNIVERSARY**  
**POWER**  
**CELEBRATE JUSTICE!**

[www.powerinterfaith.org](http://www.powerinterfaith.org)

Royal Brown, Derek Green, Jocelyn Hill, Curtis Jones, and Rebecca Rhyhart  
Philadelphia Gas Commission  
One Parkway Building  
1515 Arch Street, 9th Floor  
Philadelphia, PA 19102

July 8, 2021

Dear Gas Commissioners,

POWER is dedicated to building racial and economic justice on a livable planet. To achieve this future, Philadelphia must pursue a rapid shift to renewable energy, guarantee all residents access to energy at rates they can afford, protect public health, and protect workers.

We ask the Commission to exercise oversight of PGW's FY 2022 operating budget in service of these goals. PGW's budget should center on economic and environmental justice. Its lobbying activities and executive incentive structure should move us toward a just, livable future. The Commission should push for amendments to the proposed budget and insist that PGW operate in ways that are more transparent and more accountable to the public.

We urge you to require PGW to:

- 1. Uphold residents' right to affordable energy**
  - a. Re-open customer service centers that were closed in 2020
  - b. Offer 5-year payment plans to all customers below 250% of the federal poverty line
  - c. Discontinue gas shut-offs while customers are applying for assistance
- 2. Stop using ratepayer dollars to oppose just solutions to the climate crisis**
  - a. Halt payments to trade associations that use membership fees to lobby against energy efficiency and electrification--including the American Gas Association, the American Public Gas Association, and the Energy Association of Pennsylvania.
  - b. Cease lobbying against policies that promote energy efficiency and electrification
- 3. Provide greater transparency**
  - a. Disclose PGW executives' communication with elected officials
  - b. Make public the criteria PGW uses to award executive bonuses
- 4. Create a new incentive structure**, rewarding executives for upholding residents' right to affordable energy and for progress toward transforming PGW into a zero-emission utility

In addition, as PGW and the City consider launching pilot projects that build on the Business Diversification Study, we ask you to require participatory planning and to approve *only* projects that integrate these values: affordability, renewability, fair labor, and health.

As Philadelphia begins to recover from the pandemic, we continue to face an accelerating climate crisis and deepening inequality. These are not problems we can wait for someone else to solve. As

a public utility in the poorest big city in the US, PGW has an obligation to uphold residents' right to affordable energy and to advance--rather than impede--a rapid shift away from fossil fuels. We need decisive action to match the urgency of the crises we face.

PGW is owned by the public, and we are paying attention. The Commission's budget review process is one of the few opportunities Philadelphia residents have to participate in PGW's governance. Though the Commission has in the past defined its oversight role in relatively narrow ways, we urge you to take a more active role now in pressing for the company to serve the public interest. You have a unique ability and responsibility to hold PGW accountable.

We would like to meet with you at your earliest convenience to discuss our requests, which are outlined in more detail below. We look forward to your reply.

Sincerely,

Bishop Dwayne Royster  
*Executive Director*

Rabbi Julie Greenberg  
*Climate Justice Coordinator*

# Requests for the PGW FY 2022 Operating Budget

## 1. Affordability and Economic Justice

- **Re-open customer service centers.**
  - PGW closed its 5 customer service centers across the city during the early days of the COVID-19 pandemic. Reopening them would make it easier for customers to pay bills, address problems, and apply for assistance programs.
  - Customer service centers are especially important for people who have no access or limited access to the internet or who face language barriers.
  - The Gas Commission should insist that the FY 2022 Operating Budget include funds to restore in-person customer service.
- **Offer 5-year payment plans for all customers below 250% of the federal poverty line.**
  - PGW is negotiating extended 5-year repayment plans with some customers who have accrued debt. The company does not offer this option to people who pay reduced rates through the Customer Responsibility Program, however. PGW only offers customers 5-year plans if they opt out of CRP and agree to pay higher rates.
  - The Public Utility Commission [mandated earlier this year](#) that customers with incomes less than 250% of the federal poverty line be given the option to pay back debts over 5 years. PGW's failure to provide this option to CRP customers imposes a hardship on the lowest income Philadelphians.
  - The Commission should require PGW to adjust the budget to assume that all indebted customers with incomes below 250% of the federal poverty line will have 5 years to catch up. It should also ensure that PGW managers direct and train staff to make this option available to everyone.
- **No shut-offs while customers are applying for assistance.**
  - PGW's proposed budget reflects a return to business as usual for reconnection fees, which indicates that PGW anticipates widespread shut-offs. On average, PGW terminates 25,000 to 30,000 residential customers each year. This year, tenants across the city are seeking emergency rental assistance funds that can pay PGW bills. Other customers are applying for other hardship funds to catch up on their bills. PGW should suspend shut-offs so that customers can get the help they're seeking.
  - The Gas Commission should tell PGW to revise the budget to assume no customers will be terminated while they're seeking help. In addition, the Commission should ensure PGW makes all customers fully aware of new and expanded utility bill assistance programs funded by the American Rescue Plan.

## 2. Lobbying Expenditures and Activities

- **No payments to trade associations that oppose just solutions to the climate crisis**
  - PGW annually pays hundreds of thousands of dollars to industry associations that lobby for policies that favor the expanded use of gas and against policies that promote energy efficiency and building electrification.
  - These industry associations take lobbying and advocacy positions that are in direct opposition to climate and sustainability policies adopted by Philadelphia City Council. They directly undercut the City's tools to implement the findings of the PGW Business Diversification Study. As a public utility, PGW should be accountable to citizens and should not act in opposition to the city's policies.
  - The Gas Commission should prohibit PGW from paying dues to the American Gas Association, the American Public Gas Association, and the Energy Association of Pennsylvania.
- **Stop lobbying or advocacy against policies to promote energy efficiency & electrification**
  - PGW has engaged in a variety of forms of advocacy against energy efficiency policies and electrification.<sup>1</sup>
  - It appears that PGW recently supported a bill sponsored by PA Senator Gene Yaw that would undercut the City of Philadelphia's ability to implement policies to promote energy efficiency and electrification. This was in direct opposition to a City Council resolution that called on the legislature to reject the bill.
  - The Gas Commission should require PGW to halt lobbying or advocacy against energy efficiency and electrification. The Commission should prohibit PGW from paying staff for government relations work if the PGW does not make this commitment.

## 3. Transparency

- **Transparency about PGW staff's communication with elected officials**
  - PGW staff have refused to provide details about their communication with state legislators about SB 275, Senator Gene Yaw's controversial "Energy Choice" bill.
  - The Gas Commission should require PGW to commit to providing full transparency about staff members' communication with elected officials--past and present. Again, we urge the Commission to prohibit PGW from paying staff for government relations work if the PGW does not make this commitment.
- **PGW should publish the criteria that it uses to award executive bonuses**

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<sup>1</sup> Susan Phillips, "As Philadelphia works to tackle climate change, a question emerges: Is PGW on board?", WHYY (May 28, 2021) <https://whyy.org/articles/as-philadelphia-works-to-tackle-climate-change-a-question-emerges-is-pgw-on-board/>; Andrew Maykuth, "Can Philadelphia's gas utility survive in a climate where fossil fuels are shunned?", Philadelphia Inquirer (May 11, 2021) <https://www.inquirer.com/business/philadelphia-gas-works-climate-study-decarbonization-20210511.html>; Jeremy Deaton, "Philly Wants to Wean Off Gas. The City-Owned Gas Utility Is Refusing to Go Along," Nexus Media News (Mar. 22, 2021), <https://nexusmedianews.com/philadelphia-gas-utility-climate-change/>.

#### 4. Incentives for PGW Managers

- PGW has proposed an incentive compensation amount of 1.25% of non-union salaries from which to make bonus payments to executives and others next year. However, the company has not explained to the public how it will measure executives' performance and how it will award bonuses.
- The Gas Commission should press PGW to create incentives that are based on values of justice and sustainability. Executives should be evaluated on:
  - *Progress toward transforming PGW into a utility that provides heating and other energy services without greenhouse gas emissions.*

We recently learned that PGW plans to evaluate executives in part on achievement of the following objective: "Develop and implement a plan for RNG [renewable natural gas] producers to have access to PGW distribution system." The recent PGW Business Diversification Study found that the replacement of fossil gas with RNG cannot meet the goals of protecting health, preserving affordability, and eliminating greenhouse gas emissions, however.

The Gas Commission should insist that this performance objective be modified. Executives should be evaluated on their progress developing pilot projects and comprehensive long-term solutions that involve electrification through geothermal micro districts and other technologies.

- *Upholding energy as a human right and reducing the burden of utility bills, by minimizing shut-offs and ensuring that all customers gain access to assistance programs for which they're eligible*