

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Efficiency and Conservation

Docket No. M-2012-_____

Direct Testimony

Witness: David Defide

Subject: EE&C Phase II Plan Development

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DIRECT TESTIMONY OF DAVID DEFIDE

Q. Please state your full name and business address.

A. My name is David Defide. My business address is 411 Seventh Avenue, Pittsburgh Pennsylvania 15219.

Q. By whom are you employed and in what capacity?

A. I am employed by Duquesne Light Company (“Duquesne Light” or the “Company”) as the Manager of Customer Programs.

Q. What are your current responsibilities as the Manager of Customer Programs?

A. As the Manager of Customer Programs, I am responsible for the development and implementation of Duquesne Light’s energy efficiency, conservation and demand response programs, known as “Watt Choices.” I also assist with the implementation of related customer programs such as smart meter deployment.

Q. Please state your educational and professional qualifications.

A. I received a Bachelor of Arts degree in Administration and Management in 1994 from LaRoche College. In 1997, I received a Master of Business Administration degree from Robert Morris University. I have been working for Duquesne Light Company since August 2009 as the Manager of Customer Programs. In that position, I currently manage a staff of three professionals. Prior to my work with Duquesne Light, for ten years I was the Chief Finance/Operating Officer for Conservation Consultants, Inc. Prior to working for Conservation Consultants, I was the Finance Director and Special Assistant to the

1 Executive Director for the Housing Authority City of Pittsburgh. Prior to this position, I
2 worked for National City Bank as an Operations Supervisor.

3
4 **Q. What is the purpose of your direct testimony?**

5 A. The purpose of my testimony is two-fold. First, I will briefly explain Duquesne Light's
6 energy efficiency plan requirements pursuant to Act 129 of 2008 ("Act 129") and the
7 Public Utility Commission ("Commission") Implementation Order issued August 3, 2012
8 at Docket Nos. M-2012-2289411 and M-2008-2069887. Second, I will explain the
9 methodology used to design, develop, analyze, and implement Duquesne Light's Energy
10 Efficiency and Conservation Phase II Plan ("EE&C Phase II Plan").

11
12 **Q. Are you sponsoring any exhibits as part of your direct testimony?**

13 A. Yes. Duquesne Light's Energy Efficiency and Conservation Phase II Plan is attached to
14 the Company's Petition and has been marked as Exhibit 1.

15
16 **Q. Have you previously testified before the Pennsylvania Public Utility Commission?**

17 A. Yes. I provided direct testimony on behalf of Duquesne Light in *Petition of PECO*
18 *Energy for an Evidentiary Hearing on the Energy Efficiency Benchmarks*, at docket
19 number P-2012-2320334.

20
21 **I. BACKGROUND**

22 **Q. Please explain the Company's energy efficiency conservation and demand response**
23 **obligations under Act 129 of 2008 ("Act 129").**

1 A. Pursuant to Act 129 of 2008 (“Act 129”) EDCs with at least 100,000 customers are
2 required to achieve consumption reductions of at least one percent (1%) by May 31,
3 2011, and at least three percent (3%) by May 31, 2013. 66 Pa.C.S. §2806.1(c)(1),(2).
4 Additionally, pursuant to section §2806.1(d), EDCs are required to achieve a four and
5 one-half (4.5%) percent peak demand reduction of the one hundred (100) highest hours
6 by May 31, 2013. These energy consumption and demand response targets apply to
7 Phase I of the EEC&DR Program, which is currently underway. Act 129 further requires
8 the Commission to evaluate the cost and benefits of the EE&C plans by November 30,
9 2013, and implement additional incremental consumption and peak demand reductions
10 only if the benefits of the EE&C plans exceed the costs. 66 Pa.C.S. § 2806.1(c)(3).

11
12 **Q. Did the Commission order EDCs to develop and implement a plan to achieve**
13 **additional energy efficiency conservation and demand response targets beyond**
14 **those required by Act 129?**

15 A. Yes. Having found the Phase I program to be cost effective, on August 3, 2012, the
16 Commission entered its Energy Efficiency and Conservation Phase II Implementation
17 Order (“Phase II Order”). The Commission’s EE&C Phase II Order provides that
18 Duquesne Light is required to achieve a 2.0% energy consumption target, or 276,722
19 MWhs, over a three year period spanning June 1, 2013 through May 31, 2016 (“Phase
20 II”). *Implementation Order* at p. 24. The Commission further established June 1, 2009
21 through May 31, 2010 as the baseline from which to measure savings. *Implementation*
22 *Order* at p. 23. The Phase II Order also provides that Duquesne Light is required to
23 design its plan to achieve at least 25% of target savings in each program year; achieve

1 10% of its consumption reduction targets from government, nonprofit and educational
2 entities; and 4.5% of its reduction consumption target from the low income sector, among
3 other things.

4
5 **Q. Does the Company's EE&C Phase II program include a demand response program
6 designed to meet a specific demand reduction target?**

7 A. No. There is no demand response requirement in Phase II as "...the Commission does
8 not believe it has the authority, under 66 Pa.C.S. § 2806.1(d)(2), to propose any demand
9 response program targets until a determination of cost-effectiveness has been completed,"
10 However, the Commission recognized that EDCs and residential electric customers have
11 implemented residential curtailment measures, such as direct load control programs.
12 Therefore, to minimize customer confusion or adverse customer reaction, the
13 Commission stated that EDCs may continue residential demand response curtailment
14 measures, such as direct load control programs, in their Phase II Plans.

15
16 **Q. Is Duquesne Light proposing to operate a demand response program in its Phase II
17 EE&C Plan?**

18 A. No. However, although Duquesne Light is not required to achieve a set Phase II demand
19 reduction target, the Company proposes to maintain its Phase I residential direct load
20 control program in its Phase II EE&C Plan. Specifically, devices installed under the
21 Company's Phase I residential load control program will remain installed and Duquesne
22 Light will make customer incentive payments to prevent removal of the devices.
23 Continuing the program in this very limited manner is prudent because it will mitigate

1 customer confusion, potential adverse customer reaction and ramp up cost if additional
2 demand response requirements are imposed in the future while maintaining virtually the
3 entire allowable budget for energy efficiency conservation.

4
5 **Q. Does Act 129 provide guidance on EDCs allowable spending levels?**

6 A. Yes. Act 129 provides that “[t]he total cost of any plan required under this section shall
7 not exceed 2% of the electric distribution company’s total annual revenue as of December
8 31, 2006.” An EDC’s total annual revenue is defined as “[a]mounts paid to the electric
9 distribution company for generation, transmission, distribution and surcharges by retail
10 customers.” The Commission has interpreted this to include amounts paid to the EDC for
11 generation service, including generation revenues collected by and EDC for an electric
12 generation supplier that uses consolidated billing. **Has the Commission provided
13 further guidance on the definition of “EDC total annual revenue?”**

14 A. Yes. On January 16, 2009, the Commission issued its EEC&DR Phase I Implementation
15 Order at Docket No. M-2008-2069887 (“Phase I Order”). On pages 34-35 of the Phase I
16 Order, the Commission stated:

17 “...[T]he Commission interprets “amounts paid to the [EDC] for
18 generation, transmission, distribution and surcharges by retail customer,”
19 set forth as the definition of EDC total annual revenue in 66 Pa. C.S. §
20 2806.1(m), **to include all amounts paid to the EDC for generation
21 service, including generation revenues collected by an EDC for an
22 EGS that uses consolidated billing.** This result will bring Duquesne’s
23 program budget closer to a level of parity with the other EDCs, and ensure
24 that it has a more meaningful opportunity to comply with the EE&C
25 provisions of Act 129.”

26 The Commission retained its interpretation of EDC total annual revenues provided in
27 Phase I for Phase II plans.

1 Q. **What is Duquesne Light's statutory budget for its Phase II EE&C Plan?**

2 A. Duquesne Light's total 2006 annual revenues were \$723,299,451. EGS total generation
3 and transmission revenues in Duquesne Light's service territory in December 2006 were
4 \$253,998,128. Combined Duquesne Light and EGS 2006 annual revenues total
5 \$977,297,579. Applying simple arithmetic, 2% of \$977,297,579 equals \$19,545,951.58.
6 Therefore, Duquesne Light's annual budget is \$19,545,951.58, and the total three year
7 program spending cap is \$58,637,854.74.

8

9 **II. EE&C PHASE II PLAN DEVELOPMENT**

10 Q. **How will Duquesne Light measure energy savings for the programs it proposes to
11 implement?**

12 A. Under Act 129, the Commission was required to implement an energy efficiency program
13 that includes a process to monitor and verify data collection and plan results. In the Phase
14 I Order, the Commission adopted the *Energy Efficiency and DSM Rules for
15 Pennsylvania's Alternative Energy Portfolio Standard, Technical Reference Manual*
16 ("TRM") as a component of the EE&C Program evaluation process. The Commission
17 continued its use of the TRM for the Phase II program. The TRM is updated annually
18 and used to measure and verify applicable energy efficiency measures used by EDCs to
19 meet the Act 129 consumption reduction targets. Duquesne Light used the proposed
20 2013 TRM to design and develop its EE&C Phase II Plan. The expected savings
21 discussed later in this testimony are based on the 2013 TRM.

22

1 Q. **Duquesne Light’s EE&C Phase II Plan must be cost effective. How did Duquesne**
2 **Light determine if it’s EE&C Phase II plan is cost effective.**

3 A. Under Act 129, the Commission is required to use a Total Resource Cost (“TRC”) test to
4 analyze the costs and benefits of EDC energy efficiency and conservation plans. Act 129
5 defines the TRC as “a standard test that is met if, over the effective life of each plan not
6 to exceed 15 years, the net present value of the avoided monetary cost of supplying
7 electricity is greater than the net present value of the monetary cost of energy efficiency
8 conservation measures.” Under Act 129, EDCs must demonstrate that its Phase II EE&C
9 Plan is cost effective using the TRC test. The TRC test for Phase I was adopted by the
10 Commission Order at docket number M-2009-2108601 on June 23, 2009. The Order was
11 modified on August 2, 2011. On August 30, 2012, the Commission issued an Order
12 making additional revisions to the TRC. Duquesne Light measured the cost effectiveness
13 of its EE&C Phase II Plan based on the TRC as modified by the August 30, 2012 Order.
14 The results of the TRC are expressed as the net present value and benefit/cost (“B/C”)
15 ratio. Consistent with the August 30, 2012 Order, a B/C ratio greater than one indicates
16 that the program is beneficial to the utility and its ratepayers on a total resource cost
17 basis. Duquesne Light’s proposed EE&C Phase II Plan overall B/C score is 1.8.
18 Accordingly, the Plan is cost effective as a whole.

19
20 Q. **Please describe the process used to develop Duquesne Light’s EE&C Phase II Plan?**

21 A. The Company’s EE&C Phase II Plan development was primarily guided by its initial
22 benchmarking study completed and provided in Phase I; experiences with Phase I
23 programs and measures, particularly in program years 2 and 3; stakeholder input; and

1 best practices in energy efficiency. Plan development began with a review of energy
2 efficiency and conservation potential in the Company's service territory for all customer
3 classes. To determine energy efficiency potential, the Company reviewed the Statewide
4 Evaluator's ("SWE") reports on Electric Energy Efficiency Potential for Pennsylvania,
5 the Pennsylvania Saturation Studies for residential, commercial and industrial customers.

6 The Company conducted an extensive review of Phase I program and measure
7 performance. Current EE&C Phase I programs were reviewed for cost effectiveness,
8 energy savings, customer participation and interest. Based on the review, particular
9 measures were selected for each customer segment. As previously discussed, the savings
10 expected from the programs selected were updated to reflect changes contained the
11 proposed 2013 TRM. The Company also considered input received from stakeholders.

12 Finally, the Company cross referenced the information gathered against the
13 requirements detailed in the Phase II Order. The Company added new programs and
14 modified existing programs to ensure compliance with the EE&C Phase II Plan
15 requirements.

16
17 **Q. You mentioned that the Company considered stakeholder input. Please describe the**
18 **process used to gather stakeholder input on the Company's EE&C Phase II Plan.**

19 A. During Phase I, Duquesne held bi-annual stakeholder meetings to solicit input on the
20 Watt Choices programs. In preparation for Phase II, a series of stakeholder meetings
21 were held in August 2012. Specifically, Duquesne held four two-hour sessions over the
22 course of two days to solicit input with regard to program segmentation, participation in
23 Watt Choices, what has worked well and what could be approved upon or modified. The

1 sessions held were Residential, Small Commercial and Industrial, Large Commercial and
2 Industrial, and Government/Non-profit. In addition, Duquesne held a separate webinar
3 with trade allies in Duquesne's service territory, to solicit further input in preparing its
4 Phase II EE&C Plan.

5
6 **Q. Did the stakeholder meetings influence the Company's EE&C Phase II Plan**
7 **development?**

8 A. Yes. After last year's initial stakeholders' meetings, a working group was formed so that
9 parties could begin to develop a plan for a whole house program for inclusion in either
10 Phase I or Phase II. Multiple discussions were held and a proposal was formulated to
11 develop the program. It was decided that results of those working groups would be used
12 as the basis for the whole house approach in the Phase II Plan. Although modifications
13 had to be made to the original plan based upon funding and analysis, the stakeholders'
14 discussion were instrumental in moving forward with the whole house approach.

15
16 **Q. Will stakeholders have continued opportunities to influence the Company's EE&C**
17 **Phase II Plan implementation?**

18 A. Yes. Bi-annual stakeholders meetings will continue during Phase II unless the
19 Commission orders participation differently.

1 **III. EE&C PHASE II PLAN PROGRAMS**

2 **Q. What programs are proposed in the Company’s EE&C Phase II Plan?**

3 A. Generally, Duquesne Light’s proposed EE&C Phase II Plan is designed to education
4 customers about energy efficiency and conservation and lower customer energy
5 consumption. The Phase II Plan is largely comprised of home energy audits, building
6 retrofits, lighting programs, appliance recycling and rebates program that have been
7 customized to meet the needs of specific customer segments within Duquesne Light’s
8 service territory. The programs are organized to facilitate participation by four customer
9 sectors: (1) residential, (2) commercial, (3) industrial customers, and (4) federal, state and
10 local governments, including municipalities, school districts, institutions of higher
11 education and non-profit entities (“GNI”) customers¹. The residential, commercial and
12 industrial sector programs include a baseline energy efficiency program that is available
13 to all customers in the customer sector. For the commercial and industrial customers the
14 baseline program is referred to as an “umbrella program.” Additionally, each of the these
15 sectors offer additional programs tailored to meet the specific needs of certain customer
16 segments, such as low income customers, public agencies, non-profit entities and schools,
17 or metal manufacturers.

18
19 **Q. Please describe the residential energy efficiency program (“REEP”) programs.**

20
21 A. The REEPs includes six (6) programs: REEP Rebate Program; REEP Whole house
22 Audit/Retrofit; Appliance Recycling; School Energy Pledge Program; and the Low

¹ Although the GNI is described as a separate sector, for purposes of cost recovery and program eligibility, these programs are commercial sector programs. Similarly, for cost recovery purposes, small and medium sized commercial and industrial customers are treated separately than large commercial and industrial customers.

1 income Energy Efficiency Program. These programs are explained in detail in Section 3
2 of the Company's Phase II EE&C Plan, but I will provide a brief summary:

3 **REEP Rebate Program**
4

5 The REEP rebate program encourages customers to make an energy efficient
6 choice when purchasing and installing household appliances and equipment by
7 offering educational materials on energy efficiency options and rebate incentives.
8 Program educational materials and rebates are provided in conjunction with the
9 Duquesne Light on-line home energy audit.

10
11 **Residential Whole House Retrofit Program ("WHRP")**
12

13 The WHRP provides resources to residential customers to obtain a comprehensive
14 residential home energy audit, installation of Residential Home Audit
15 Conservation Kit and rebates for a range of eligible measures. The benefits
16 provided under the WHRP are income based. Residential customers with an
17 income above 150 % of the federal poverty income guidelines are provided up to
18 a \$250 home energy audit credit toward approved audit services, which typically
19 cost between \$500 and \$700. Also, these customers are provided direct
20 installation measures at no cost. Low income customers, defined as persons with
21 a household income at or below 150% of the federal poverty income guidelines,
22 are provided these and other additional benefits.

23
24 **Residential Home Energy Reports ("HER")**
25

26 The HER program sends, via direct mail, home energy use reports that compare
27 recipient customer's energy use to the use of 100 customers with similar home
28 type and size. The HER provides for comparison the last two months of energy
29 consumption by 1) the most efficient, top 20%, of the peer group, 2) the HER
30 recipient, and 3) the entire peer group. The reports generate verifiable savings
31 ranging from 1.5%-3.5% of total home energy use.
32

33 **Residential Appliance Recycling Program**
34

35 The Residential Appliance Recycling Program encourages residential customers
36 in Duquesne Light's service territory to turn in their older refrigerators and
37 freezers to be recycled. To encourage participation in this program, this program
38 provides a \$35 check for the removal of the old refrigerator or freezer.
39

40 **School Energy Pledge Program**
41

42 The Schools Energy Pledge program is primary school based program whereby
43 students learn about energy efficiency and conservation and their families adopt
44 EE&C measures students learn about at school. Through the SEP program,

1 students learn about energy efficiency, participate in a school fundraising drive,
2 and help their families to implement energy-saving measures at home.

3
4 **Residential Low Income Energy Efficiency Program (“LIEEP”)**

5
6 LIEEP is an income-qualified program providing services designed to assist low-
7 income households to conserve energy and reduce electricity costs. LIEEP relies
8 on several contributing programs to achieve projected savings impacts and
9 program cost-effectiveness. Low income sector comprehensive home energy
10 audit/retrofits are anticipated to subscribe approximately 70% of program budgets
11 while other program elements, proven used and useful to low income customers
12 during program years 2010 and 2011, assist in broadening the programmatic
13 offering and offsetting the whole house audit/retrofit 0.5:1 TRC ratio. The
14 Company intends to achieve 4.5% of its energy consumption reduction savings
15 from this program.
16

17 **Q. What are the projected consumption savings for the residential umbrella programs?**

18 A. The Company expects to achieve 100,874,929 kWhs from the REEP rebate program;
19 4,269,288 kWhs from the School Energy Pledge program; 4,774,947 kWhs from the
20 Residential Appliance Recycling program; 28,036,928 kWhs from the Residential HER
21 program; 997,648 kWhs from the WHRP; and 14,942,988 from the LIEEP.

22
23 **Q. Are the residential programs described herein cost effective?**

24 A. Yes. The residential programs offered are collectively cost-effective. Except the whole
25 house retrofit, each program achieved a TRC score above 1. Specifically, the REEP
26 rebate program B/C score is 1.4; the School Energy Pledge program B/C score is 1.5; the
27 Residential Appliance Recycling program B/C score is 2.8; the Residential HER program
28 B/C score is 1.7; the WHRP B/C score is .4; and the LIEEP B/C score is 1.1.

29
30 **Q. Are any of the residential customer programs currently in operation as part of**
31 **Duquesne Light’s Phase I programs?**

1 A. Yes. Programs currently in place as part of Duquesne Light's Phase I program include:
2 REEP Rebate Program; Residential HER; Residential Appliance and Recycling Program;
3 School Energy Pledge Program and the Residential LIEEP.

4
5 **Q. Please describe the energy consumption reduction programs available under the**
6 **commercial umbrella.**

7 A. The energy efficiency commercial umbrella includes nine (9) programs: Commercial
8 Umbrella Program; Office Building Program; Health Care Segment Program; Retail
9 Segment Program; Commercial Upstream Lighting; and Small Commercial Direct Install
10 Program. These programs are explained in detail in Section 3 of the Company's Phase II
11 EE&C Plan, but I will provide a brief summary:

12 **Commercial Umbrella Program ("CSUP")**

13
14 The CSUP provides incentives to commercial customers to offset the higher cost
15 of high-efficiency equipment. The CSUP also establishes the terms, conditions,
16 and incentive levels for all Sub-Programs. Sub-Programs are structured to provide
17 specialized services to customers consuming 92% of the sector energy use. The
18 CSUP provides access to energy efficiency incentives by customers not served by
19 the Sub-Programs.

20
21 **Office Building Program**

22
23 The Office Buildings Program helps commercial customers to assess the potential
24 for energy efficiency project implementation, cost and energy savings, and, for
25 appropriate customers, provides follow-through by installing measures and
26 verifying savings. Program components include auditing of energy use, provision
27 of targeted financing and incentives, project management and installation of
28 retrofit measures, training, and technical assistance.

29
30 **Health Care Segment Program**

31
32 Duquesne's Health Care Energy Efficiency Program ("HEEP") establishes a
33 permanent framework for a long-term energy management program for medical
34 office buildings and acute care facilities. HEEP is a retrofit incentive program
35 tailored to individual system administrator needs.

1
2 **Retail Segment Program**
3

4 The Retail Stores Program helps commercial customers to assess the potential for
5 energy-efficiency project implementation, cost and energy savings, and for
6 appropriate customers, provides follow-through by installing measures and
7 verifying savings. Program components include auditing of energy use, provision
8 of targeted financing and incentives, project management and installation of
9 retrofit measures, training, and technical assistance.

10
11 **Commercial Upstream Lighting**
12

13 The program will provide incentives for efficient lighting products directly to
14 technology manufacturer distributors to offset the higher cost, and thereby drive
15 uptake of, the most efficient lighting equipment options.
16

17 **Small Commercial Direct Install Program**
18

19 By providing no-cost energy efficient equipment retrofits to small and business
20 customers, the Small Commercial Direct Install Program will produce cost-
21 effective, long-term peak demand and energy savings. The program will be
22 delivered in a staged delivery approach to provide program services in specific
23 geographic areas at different time periods. This approach will allow for
24 concentrated, directed, and service area wide program. Duquesne Light will
25 deploy selected lighting measures to include screw-in CFLs, LED Reflector
26 Lamps and Exit signs, 3rd generation T8 Lamps and Ballasts and T5HO High Bay
27 Lighting.
28

29 **Q. What is the projected energy consumption savings expected from the commercial**
30 **umbrella programs?**

31 A. The Commercial Umbrella Program is projected to achieve 15,577,880 kWhs of energy
32 savings. The Office Building Program is projected to achieve 14,615,103 of energy
33 savings. The Health Care Segment Program is projected to achieve 8,281,892 of energy
34 savings. The Retail Segment Program is projected to achieve 6,714,590 of energy
35 savings. The Commercial Upstream Lighting Program is projected to achieve 10,050,411
36 kWh of energy savings. The Small Commercial Direct Install Program is expected to
37 achieve 6,126,074 kWhs of energy savings. The Multifamily Housing Retrofit Program is

1 expected to achieve 5,173,552 kWhs of electric savings. Finally, the PAPP is expected to
2 achieve 16,584,950 kWhs of energy savings.

3
4 **Q. Are the programs available under the commercial umbrella cost effective?**

5 A. Yes. All of the programs proposed within the commercial umbrella score above 1 on the
6 Commission's TRC test, with the exception of the Multifamily Housing Retrofit
7 Program.

8 The Commercial Umbrella Program B/C score is 2.1; the Office Building Program B/C
9 score is 2.1; the Health Care Segment Program B/C score is 2.1; the Retail Segment
10 Program B/C score is 2.1; the Commercial Upstream Lighting B/C score 2.4; and the
11 Small Commercial Direct Install Program B/C score is 1.4..

12
13 **Q. Are any of the commercial umbrella programs currently in operation as part of**
14 **Duquesne Light's Phase I programs?**

15 A. Yes. All of these programs were in operation as part of Duquesne Light's Phase I
16 programs. Some refinements were made to these programs and are more fully described
17 in the Phase II EE&C Plan.

18
19 **Q. Please describe the energy reduction programs available under the industrial**
20 **umbrella.**

21 A. The energy reduction programs proposed under the industrial umbrella include: the
22 Industrial Sector Umbrella Program; Chemical Products Energy Efficiency Program;
23 Mixed Industrial Energy Efficiency Program and the Primary Metals Energy Efficiency

1 Program. These programs are explained in detail in Section 3 of the Company's Phase II
2 EE&C Plan, but I will provide a brief summary:

3 **Industrial Sector Umbrella Program ("ISUP")**

4
5 The ISUP provides for the payment of incentives to offset the higher cost of high-
6 efficiency equipment. To receive the rebates, customers submit applications via
7 mail or fax. The ISUP also establishes the terms, conditions, and incentive levels
8 for all Sub-Programs which are structured to provide specialized services to
9 customers consuming 92% of the sector energy use.

10 11 **Chemical Products Energy Efficiency Program**

12
13 The Chemical Products Segment Program helps industrial customers to assess the
14 potential for energy-efficiency project implementation, cost and energy savings,
15 and, for appropriate customers, provides follow-through by installing measures
16 and verifying savings. Program components include auditing of energy use,
17 provision of targeted financing and incentives, project management and
18 installation of retrofit measures, training, and technical assistance. Incentive
19 amounts for this program are consistent with the Industrial Sector Umbrella
20 Program.

21 22 **Mixed Industrial Energy Efficiency Program**

23
24 The program is delivered by a single contractor that provides program outreach
25 and energy audits to multiple industrial segments. The Industrial Sector Mixed
26 Segment Program helps smaller manufacturing entities to assess the potential for
27 energy-efficiency project implementation, cost and energy savings, and, for
28 appropriate customers, provides follow-through by installing measures and
29 verifying savings. Program components include auditing of energy use, provision
30 of targeted financing and incentives, project management and installation of
31 retrofit measures, training, and technical assistance. Incentive amounts for this
32 program are consistent with the Industrial Sector Umbrella Program.

33 34 **Primary Metals Energy Efficiency Program**

35
36 The Primary Metals Segment Program helps industrial customers to assess the
37 potential for energy-efficiency project implementation, cost and energy savings,
38 and, for appropriate customers, provides follow-through by installing measures
39 and verifying savings. Program components include auditing of energy use,
40 provision of targeted financing and incentives, project management and
41 installation of retrofit measures, training, and technical assistance. Incentive
42 amounts for this program are consistent with the Industrial Sector Umbrella
43 Program.

44

1 **Q. What are the projected energy consumption reductions expected from the industrial**
2 **umbrella programs?**

3 A. The Industrial Sector Umbrella Program is projected to achieve 3,910,546 kWhs of
4 energy savings. The Chemical Products Energy Efficiency Program is projected to
5 achieve 13,689,675 kWhs of energy savings. The Mixed Industrial Energy Efficiency
6 Program is projected to achieve 12,237,740 kWhs of energy savings. Finally, the Primary
7 Metals Energy Efficiency Program is projected to achieve 37,681,176 kWhs of energy
8 savings.

9

10 **Q. Are the programs proposed under the industrial umbrella cost effective?**

11 A. Yes. All of the programs proposed within the industrial umbrella score above 1 on the
12 Commission's TRC.

13

14 **Q. Are any of the industrial umbrella programs currently in operation as part of**
15 **Duquesne Light's Phase I programs?**

16 A. Yes. The Industrial Sector Umbrella Program; the Chemical Products Energy Efficiency
17 Program; the Mixed Industrial Energy Efficiency Program and the Primary Metals
18 Energy Efficiency Program were in operation as part of Duquesne Light's Phase I
19 programs. Some refinements were made to these programs and are more fully described
20 in the Phase II EE&C Plan.

21

1 **Q. Earlier you indicated that the Company is required to achieve 10% of its energy**
2 **consumption reduction savings from the government/nonprofit sector. How will the**
3 **Company achieve this target?**

4 **A.** To achieve the government and nonprofit specific targets, the Company has developed
5 specific programs for these customers including the Multi-Family Housing Retrofit
6 Program, the Public Agency Participation Program and the Education Segment Program.
7 These programs supplement the other commercial programs in the Phase II EE&C Plan
8 and are intended to meet the needs of this subset of customers. These programs are
9 briefly summarized below:

10
11 **Education Segment Program**

12 The Education Segment Program helps colleges and primary schools to assess the
13 potential for energy-efficiency project implementation, cost and energy savings,
14 and for appropriate customers, provides follow-through by installing measures
15 and verifying savings. Program components include auditing of energy use,
16 provision of targeted financing and incentives, project management and
17 installation of retrofit measures, training, and technical assistance. Incentive
18 amounts for this program are consistent with the Commercial Sector Umbrella
19 Program.

20
21 **Multifamily Housing Retrofit Program (“MHRP”)**

22
23 The MHRP is a new program that will be implemented by a CSP following an
24 RFP process. Through this program, commercial customers will be paired with a
25 Multifamily Market Manager for the purposes of indentifying and obtaining
26 energy efficiencies services such as audits, technical assistance for measure level
27 project review and bundling, property aggregation, contractor negotiation and
28 equipment bulk purchasing. The Multifamily Market Manager will integrate
29 funding sources to include program and agency co-funding, performance
30 contracting, grant funding and available financing options. Services also include
31 processing rebate applications and other funding source documentary
32 requirements as well as applicable project TRC screening.

33
34 **Public Agency Partnership Program (“PAPP”).**

35
36 Through the PAPP, partnerships are established between Duquesne and selected
37 local governmental agencies through the execution of a Memorandum of

1 Understanding (MOU). The MOU establishes working groups comprised of
2 Duquesne and agency representatives that identify project areas within agency
3 departments (and jurisdictional agencies). Working groups define project scopes
4 of service and establish project agreements to co-fund agreed to projects.
5

6 This total sector is anticipated to have results of 33,206,640 kWhs of energy savings
7 which is sufficient to achieve the 10% governmental/education/nonprofit consumption
8 reduction target.

9 **Q. Are the programs developed for GNI customers cost effective?**

10 A. The Education Segment Energy Efficiency B/C score is 2.1; and the PAPP B/C score is
11 2.1. However, the Multifamily Housing Retrofit B/C score is .9.
12

13 **IV. PROGRAM COST**

14 **Q. What is the Company's Phase II spending cap?**

15 A. As I discussed previously, Duquesne Light's Phase II annual budget is \$19,545,951.58,
16 and the total three year program spending cap is \$58,637,854.74.
17

18 **Q. What is the annual and cumulative cost the Company's proposed EE&C Phase II
19 Plan?**

20 A. The Company's EE&C Phase II Plan would cost a total of \$58,493,392 which is divided
21 evenly over the three year program.
22

23 **Q. Please provide an overview of the EE&C Phase II Plan cost by customer sector.**

24 A. As provided in Figure 3 of the EE&C Phase II Plan, residential programs comprise 45.5%
25 of the plan cost, or \$26,630,839. Commercial program comprise 33.3% of the plan cost,
26 or \$19,498,105. Finally, industrial programs comprise 21% of the plan cost, or

1 \$12,364,448. Mr. Pfrommer describes how the Company will ensure that the programs
2 are funded by the customer sector that most benefits from the programs and measure
3 offered in this testimony.

4

5 **Q. Does this conclude your testimony?**

6 **A. Yes.**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

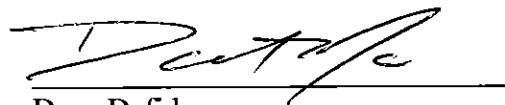
Energy Efficiency and Conservation : Docket No. M-2012-_____
Program Phase II Plan :

VERIFICATION

I, Dave Defide, being a Manager of Customer Programs of Duquesne Light Company (“Duquesne Light”) hereby state that the testimony set forth in Duquesne Light Statement No. 1 is true and correct to the best of my knowledge, information and belief, and that if asked orally at a hearing in this matter, my answers would be as set forth therein. I further state that the information set forth in the Duquesne Light Energy Efficiency and Conservation Program Phase II Plan is true and correct to the best of my knowledge, information and belief.

I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: November 14, 2012



Dave Defide