



CITY OF PHILADELPHIA

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December 21, 2012

Via Electronic Filing

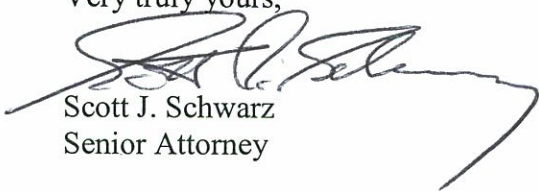
Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Petition of PECO Energy Company for Approval of its Act 129 Phase II  
Energy Efficiency and Conservation Plan  
Docket No. M-2012-2333992

Dear Secretary Chiavetta:

Enclosed for filing in the above-referenced proceeding are the Answer and Comments of the City of Philadelphia and a Certificate of Service showing that copies of the Answer and Comments have been served upon parties of record.

Very truly yours,

  
Scott J. Schwarz  
Senior Attorney

Enclosures

cc: Honorable Dennis J. Buckley  
Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company :  
for Approval of its Act 129 Phase II : M-2012-2333992  
Energy Efficiency and Conservation Plan :

**CERTIFICATE OF SERVICE**

I hereby certify that I am this day serving true and correct copies of the Answer and Comments of The City of Philadelphia upon the individuals listed below by first class mail and e-mail, in accordance with the requirements of 52 Pa Code § 1.54 (relating to service by parties).

HONORABLE DENNIS J. BUCKLEY  
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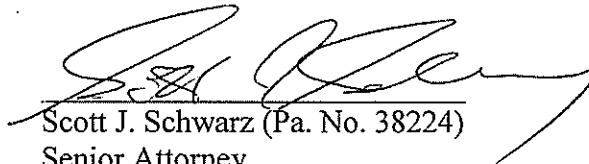
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Date: December 21, 2012

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company :  
for Approval of its Act 129 Phase II : M-2012-2333992  
Energy Efficiency and Conservation Plan :

**ANSWER AND COMMENTS OF  
THE CITY OF PHILADELPHIA**

**I. INTRODUCTION**

The City of Philadelphia (“City” or “Philadelphia”) is filing these comments in accordance with the notice in the *Pennsylvania Bulletin* published on December 1, 2012. 42 Pa.B. 7371. The notice stated that PECO Energy Company (“PECO”) had filed its Energy Efficiency and Conservation (“EE&C”) Plan with the Pennsylvania Public Utility Commission (“Commission”) on November 1, 2012, in compliance with 66 Pa.C.S. § 2806.1(b)(1)(ii) (relating to energy efficiency and conservation program) and indicated that the matter had been assigned Docket Number M-2012-2333992. The Commission’s EE&C Program Implementation Order, entered on August 3, 2012, at Doc. No. M-2012-2289411, stated that an answer along with comments and recommendations are to be filed with the Commission within 20 days of the publication of the notice in the *Pennsylvania Bulletin*. These Comments are being provided by the City in response to the notice in the *Pennsylvania Bulletin* and the City’s review of PECO’s Act 129 Phase II Energy Efficiency and Conservation Plan (“Phase II Plan” or “Plan”).

PECO’s proposed Phase II Plan includes thirteen energy efficiency programs. The City has served written testimony of its witness regarding one of these programs on Administrative Law Judge Dennis J. Buckley and the parties to the evidentiary portion of

this proceeding. This testimony focusses on the proposed new program for combined heat and power technologies, also referred to as EE Program 13 or the PECO Smart On-Site program. The City requests that these Comments be read and considered in conjunction with the testimony of its witness.

## **II. POSITION ON THE ISSUES RAISED IN THE PETITION**

The City supports the objectives of Act 129 and generally supports the energy efficiency programs in PECO's Plan. Energy Efficiency programs under Act 129 can leverage government and private funding to make these improvements more affordable and more likely to be implemented. However, the City wants to make sure that certain programs remain available on reasonable terms and conditions, and that the allocation of costs and the tariff provisions for implementing the surcharge to recover Phase II Plan costs are just and reasonable.

The City reviewed the Plan from this perspective and provided written testimony on the PECO Smart On-Site program for combined heat and power projects. The City's witness has compared the incentives that are currently available for such projects as custom measures under the PECO's Phase I Energy Efficiency and Conservation Plan with the incentives proposed in the Phase II Plan. Based on this comparison and the City's experience with combined heat and power projects at large City-owned facilities, the City recommends that the Phase II Plan maintain the program reimbursement for combined heat and power that was established for Phase I. The Plan also should clarify that combined heat and power projects for which the applicants had applied to PECO during Phase I and where the applicants have invested substantial costs in implementation during Phase I should receive incentives at the levels identified in the Phase I.

Evidentiary hearings are scheduled for January 8 and January 9, 2013 where the testimony and exhibits will be moved into the record. The City reserves the right to address other programs and issues based on further review of the Petition, additional information that is made available during the course of this proceeding, issues identified during discovery, issues raised by other parties and the evidence admitted into the record at the hearings.

### **III. STANDING**

The City is a corporation and body politic, organized and existing as a city of the first class under the Commonwealth of Pennsylvania and the Philadelphia Home Rule Charter, and is engaged in the government and administration of the City of Philadelphia. The City filed a Petition to Intervene in this case on November 27, 2012, and was granted party standing by the Second Prehearing Order issued by Administrative Law Judge Dennis J. Buckley on November 30, 2012.

As discussed in its Petition to Intervene, the City has been actively involved in numerous PECO and Act 129 proceedings. This involvement has included participation in the adjudication of PECO's Phase I EE&C Plan, regularly attending PECO's EE&C stakeholder meetings, applying for financial incentives under PECO's Phase I EE&C Plan, and submitting comments on a number of important topics related to the design and implementation of Phase II EE&C Programs. The City submitted specific comments on the design and implementation of Phase II EE&C Programs in response to the Secretarial Letter dated March 1, 2012, and the Commission's Tentative Implementation Order adopted May 10, 2012 at Docket Nos. M-2008-2069887 and M-2012-2289411. The City, both as a customer and as a political entity, relies on PECO's infrastructure

throughout Philadelphia, including infrastructure that supplies electricity to the Philadelphia Airport System, City Hall and other municipal buildings, the Philadelphia Water Department's facilities and street, traffic and alley lights. The City, as one of the largest electricity customers of PECO and representing its citizens, has an interest in whether PECO's Phase II Plan is appropriate and in the consequences of the implementation of the programs in the Plan. Any decision on PECO's Phase II Plan will directly affect the City, its operation and citizens.

#### **IV. APPROVAL PROCESS**


The Commission's EE&C Program Implementation Order, entered on August 3, 2012, at Doc. No. M-2012-2289411, and the procedural schedule in the Commission's Order entered in this proceeding on December 14, 2012, specify the process and schedule for approval of the Plan. The Commission will approve or reject all or part of the Plan at a public meeting on or before February 28, 2013. The Commission will provide a detailed rationale for rejecting all or part of a Plan. If the Commission rejects all or part of the Plan, PECO will have 60 days from the entry date of the order to file a revised plan that addresses the identified deficiencies. This revised plan is to be served on OCA, the Office of Small Business Advocate (OSBA), the Commission's Bureau of Investigation & Enforcement (I&E) and all other parties, who, along with other interested parties, will have ten days to file comments on the revised plan, with reply comments due ten days thereafter. The Commission will approve or reject the revised plan at a public meeting within 60 days of the revised plan filing. This process is repeated until a complete plan receives Commission approval.

**V. CONCLUSION**

The City respectfully requests that the Commission consider and adopt, as appropriate, the foregoing Comments by granting in part and denying in part PECO's Petition for approval of its Plan and requiring PECO to submit a revised plan consistent with the recommendations in these Comments.

Respectfully submitted,

The City of Philadelphia



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Dated: December 21, 2012