

COMMONWEALTH OF PENNSYLVANIA



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February 12, 2021

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Petition of Duquesne Light Company for Approval
of its Act 129 Phase IV Energy Efficiency and
Conservation Plan
Docket No. M-2020-3020818

Dear Secretary Chiavetta:

Pursuant to 52 Pa. Code § 5.412 and the attached Interim Order Confirming Admitted Evidence in the above-referenced proceeding, enclosed, please find a copy of the Office of Consumer Advocate's (OCA) admitted evidence, including:

- OCA Statement No. 1, Direct Testimony of Stacy L. Sherwood
 - o Exhibit SLS-1: Duquesne Light Company Phase IV Implementation Order Compliance Checklist
 - o Attachment A: Qualifications of Stacy L. Sherwood
 - o Verification of Stacy L. Sherwood
- February 8, 2021 Interim Order Adopting Joint Stipulation for Admission of Evidence and Admitting Evidence into the Record

Copies have been served per the attached Certificate of Service.

Respectfully submitted,

/s/ Lauren E. Guerra
Lauren E. Guerra
Assistant Consumer Advocate
PA Attorney I.D. # 323192
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Enclosures:

cc: The Honorable Mark A. Hoyer (**email only**)
The Honorable Emily I. DeVoe (**email only**)
Certificate of Service

*303940

CERTIFICATE OF SERVICE

Re: Petition of Duquesne Light Company :
for Approval of its Act 129 Phase IV : Docket No. M-2020-3020818
Energy Efficiency and Conservation Plan :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's § 5.412a filing of Admitted Evidence, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 12th day of February 2021.

SERVICE BY E-MAIL ONLY

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Dated: February 12, 2021

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF DUQUESNE LIGHT)
COMPANY FOR APPROVAL OF)
ITS ACT 129 PHASE IV ENERGY) DOCKET NO. M-2020-3020818
EFFICIENCY AND)
CONSERVATION PLAN)**

DIRECT TESTIMONY

OF

STACY L. SHERWOOD

**ON BEHALF OF
PENNSYLVANIA OFFICE OF CONSUMER ADVOCATE**

JANUARY 14, 2021

EXETER

ASSOCIATES, INC.

10480 Little Patuxent Parkway Suite 300
Columbia, Maryland 21044

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1 **I. INTRODUCTION**

2 Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS
3 ADDRESS?

4 A. My name is Stacy L. Sherwood. I am an Economist with Exeter Associates, Inc.
5 (“Exeter”). Our offices are located at 10480 Little Patuxent Parkway, Suite 300,
6 Columbia, Maryland 21044. Exeter is a firm of consulting economists specializing in
7 issues pertaining to public utilities.

8 Q. PLEASE DESCRIBE YOUR QUALIFICATIONS, WORK EXPERIENCE,
9 AND EDUCATIONAL BACKGROUND.

10 A. I have 11 years of experience in the energy sector, related specifically to the review
11 and development of energy efficiency and demand response programs and policies for
12 the use of advanced technologies for pollution prevention and energy efficiency. With
13 Exeter, I provide technical support and analysis to state and federal clients on energy
14 efficiency, distributed resources, demand response, and renewable energy. While
15 serving as Assistant Director of the Energy Analysis and Planning Division of the
16 Maryland Public Service Commission, I oversaw the utilities energy efficiency and
17 demand response programs, participated in smart grid work groups, and assisted with
18 the composition of Maryland’s Ten Year Plan regarding the state’s energy outlook. I
19 hold a Bachelor’s Degree in Accounting, Business and Economics from McDaniel
20 College (2009). My qualifications are detailed in my resume, included with this
21 Testimony as Attachment A.

22 Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY
23 PROCEEDINGS ON UTILITY ISSUES?

24 A. Yes. A complete list is provided in Attachment A.

25 Q. ON WHOSE BEHALF ARE YOU APPEARING?

1 A. I am presenting testimony on behalf of the Pennsylvania Office of Consumer Advocate
2 (“OCA”).

3 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

4 A. On November 30, 2020, Duquesne Light Company (“DQL” or “Company”) filed its
5 *Petition of Duquesne Light Company for Approval of its Act 129 Phase IV Energy*
6 *Efficiency and Conservation Plan* (“Phase IV Plan” or “Plan”) with the Commission.
7 Exeter was retained by the OCA to assist in the review of the Plan. I will address the
8 Plan’s compliance with the Commission’s *Phase IV Final Implementation Order* which
9 includes requirements for the Phase IV Energy Efficiency and Conservation (“EE&C”)
10 plans including comprehensive programs requirements, limited income carve-outs, and
11 the bidding of demand savings into the PJM Interconnection, LLC (“PJM”) Forward
12 Capacity Market (“FCM”).¹ Additionally, I discuss the reasonableness and
13 achievability of the programs offered to residential ratepayers.

14 Q. HAVE YOU PREPARED EXHIBITS TO ACCOMPANY YOUR
15 TESTIMONY?

16 A. Yes. Exhibit SLS-1 provides a summary of how DQL’s Plan meets the Commission’s
17 *Phase IV Implementation Order*, which is discussed further in Section 2.

18 Q. PLEASE DESCRIBE THE MAIN COMPONENTS OF THE COMPANY’S
19 PLAN.

20 A. DQL’s Phase IV Plan consists of 12 energy efficiency programs that are designed to
21 achieve an average annual energy reduction of 383,733 megawatt-hours (“MWh”) over
22 the five years of the program, with no carryover savings.² As a result of its EE&C
23 programs, DQL anticipates that it will achieve 69 megawatts (“MW”) of demand

¹ Docket No. M-2020-3015228 *Phase IV Final Implementation Order* adopted June 18, 2020.

² *Duquesne Light Company Phase IV Energy Efficiency and Conservation Plan*, November 30, 2020, Table 2. Summary of Portfolio Energy and Demand Savings (MWh), p. 140.

1 savings.³ DQL plans to nominate a portion of its expected peak demand reductions
2 from its non-residential programs into the PJM FCM, with the first nomination
3 occurring in the 2025/2026 PJM capacity auction.⁴ The Company forecasts that it will
4 fully expend its expenditure cap, with an average annual spend of \$19.5 million, which
5 excludes any costs for the statewide evaluator (“SWE”), equating to a total Phase IV
6 budget of \$97.7 million.⁵

7 The 12 programs that are being offered by DQL include seven Residential
8 programs, four Small Commercial and Industrial (“C&I”) programs, and three Large
9 Commercial programs. The seven residential programs include: Appliance Recycling,
10 Downstream Incentives, Midstream Incentives, Upstream Incentives, Low Income
11 Energy Efficiency, Residential Behavioral Energy Efficiency, and Low Income
12 Behavioral Efficiency. The Small C&I programs include: Small Business Direct
13 Solutions, Small Business Solutions, Small Business Midstream Solutions, and Small
14 Business Virtual Commissioning. The Large Commercial Programs include: Large
15 Business Solutions, Large Business Midstream Solutions, and Large Business Virtual
16 Commissioning.

17 The breakdown of the total estimated savings and costs between residential and
18 non-residential as proposed by the Company is provided in Tables 1 and 2 below,
19 respectively.

³ Id., Figure 4. Projected Portfolio Savings, p. 19.

⁴ Direct Testimony of David B. Ogden, p. 10, lines 9-15.

⁵ Id., Exhibit DBO-3.

1 **Table 1. Phase IV Total Projected Energy and Demand Savings, by Portfolio**

Program	Total Projected Savings (MWh)	Percent of Total MWh Savings	Total Projected Savings (MW)	Percent of Total MW Savings
Residential	124,934	33%	15.6	23%
Non-Residential	258,799	67	53.1	77
Total:	383,733	100%	68.7	100%

2

3

Table 2. Phase IV Total Projected Expenditures, by Portfolio

Program	Total Direct Costs	Total Common Costs	Total Costs	Percent of Total Cost
Residential	\$29,137,590	\$2,057,821	\$31,195,411	32%
Non-Residential	62,271,606	4,262,743	66,534,349	68
Total:	\$91,409,196	\$6,320,564	\$97,729,760	100%

4

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

5

A. Based on the results of my review and analysis, I have reached the following conclusions:

6

7

- As part of its rebuttal, the Company should revise its residential portfolio to reduce its reliance on home energy reports (“HERs”) for energy savings and invest a portion of the HERs budget into residential efforts that produce long-lived savings. If Residential Behavioral Energy Efficiency Program (“R-BEEP”) and Low-Income Behavioral Energy Efficiency Program (“LI-BEEP”) are approved by the Commission without any modifications, it is recommended that DQL be required to pause its investment in either program if the realized energy savings are not within 15% of the projected energy savings and reallocate those funds to other residential programs.

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- With regard to the Energy Efficiency and Conservation Phase III Plan Surcharge (“EEC Surcharge”), the Company should:

17

18

- Clarify how the Company will meet the *Phase IV Implementation Order Requirement I.2 (2)*;

19

20

- Track all Phase III expenditures separately from the Phase IV costs for transparency; and

21

22

- Include the tracking of FCM proceeds and deficiency charges into the calculation of the surcharges for each rate class.

23

- 1 • The Company should invest a portion of the 2% of costs allocated for its Pilot
2 Program to exploring measures for the residential sector in order to develop
3 new and innovative measures and programs for residential customers.

- 4 • The Commission should require DQL to file its plan for nominating demand
5 response into the PJM FCM, which should include the following details:
 - 6 ○ Delivery year for the first nomination;
 - 7 ○ Measures that will provide demand reductions, by customer class;
 - 8 ○ Methodology to determine which rate classes have delivered demand
9 reductions; and
 - 10 ○ Details on how DQL will limit ratepayer exposure to penalties,
11 including a sensitivity analysis of the impact to the EEC Surcharge.

12 Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

13 A. Following this introductory section, my testimony is divided into five sections:
14 Compliance with *Phase IV Implementation Order*; Residential Program; Low-Income
15 Program; Home Energy Reports Programs; PJM Forward Capacity Market; and
16 Conclusion.

17
18 **II. COMPLIANCE WITH PHASE IV IMPLEMENTATION ORDER**

19 Q. HAVE YOU REVIEWED THE PHASE IV PLAN?

20 A. Yes. I have reviewed the material filed in the Company’s Plan, including the Direct
21 Testimonies of David Defide and David B. Ogden. In addition, I have reviewed a
22 portion of the Company’s responses to OCA Interrogatory Set I.⁶ The Company’s filing
23 describes the programs to be implemented in accordance with the requirements
24 established in Act 129 of 2008 for plan years (“PYs”) 13-17, which will begin in 2021
25 and end in 2026.

26 Q. DOES THE PLAN MEET THE REQUIREMENTS OF THE
27 COMMISSION’S *PHASE IV IMPLEMENTATION ORDER*?

⁶ The OCA served its Interrogatory Set I on December 31, 2020. Duquesne provided responses questions 1, 2, 5, and 6 on January 8, 2021. Responses to questions 3 and 4 are outstanding.

1 A. With the exception of one requirement, I found that, as proposed by the Company, the
2 Plan meets or exceeds each of the Phase IV requirements from the Phase IV
3 Implementation Order. The one requirement that I do not believe has been sufficiently
4 met is Requirement I.2(2) which provides that Phase III budget be used to close out
5 program delivery on June 1, 2021 and report measures installed and commercially
6 operable before May 31, 2021.⁷ The Company discussed how it would handle Phase
7 III costs related to its surcharge through May 31, 2021, as discussed below, but does
8 not discuss how it will address Phase III costs after June 1, 2021 used to close out Phase
9 III. I recommend DQL file, as part of its rebuttal testimony, a clarification on how it
10 will treat Phase III expenses in relation to this requirement. In addition to the
11 requirements, the Commission recommended that the Phase IV plans have a
12 comprehensive focus on long-lived, deep savings measures. I do not believe that this
13 has been met based upon the residential portfolio's significant reliance on HERs, which
14 has short lived savings. This concern is discussed further in Section V of my testimony.
15 A checklist summarizing each of the requirements and whether they have been met is
16 provided in Exhibit SLS-1.

17
18 Q. ARE YOU CONCERNED ABOUT THE SIGNIFICANT INVESTMENT IN
19 NON-RESIDENTIAL RATE CLASS COMPARED TO RESIDENTIAL
20 RATE CLASS?

21 A. No. In prior phases, lighting measures have provided significant low-cost energy
22 reductions in residential programs. However, as noted in the next section, Phase IV will
23 have a limited offering of residential lighting measures due to the Energy Independence
24 and Security Act of 2007 ("EISA"). As a result of this change, the level of energy

⁷ See Exhibit SLS-1: DQL Phase IV Implementation Order Compliance Checklist attached hereto.

1 savings from the residential sector will decrease and the acquisition cost for that energy
2 savings will increase. Therefore, it is reasonable to expect that the increase in
3 acquisition cost to achieve savings from the residential sector would result in DQL
4 designing an EE&C portfolio that achieves the majority of its Phase IV energy savings
5 target through the non-residential sector, which does not face similar barriers.

6 Q. IS THE PLAN PROJECTED TO BE COST-EFFECTIVE?

7 A. A total resource cost (“TRC”) above 1.0 indicates that the Plan provide benefits that
8 exceed the costs invested in the program, indicating that ratepayers, including non-
9 participants, should receive a return on the investment in energy efficiency. Overall,
10 the proposed Plan is projected to be cost-effective, with a gross TRC of 1.31 over the
11 five-year period. Although it is not required, the majority of the programs proposed are
12 cost-effective, with gross TRCs ranging from 0.61 to 3.41. Programs with a cost-
13 effectiveness below a gross TRC of 1.0 include LI-BEEP, Small C&I Midstream
14 Incentives, Large Commercial Midstream Incentives, and Large Industrial Midstream
15 Incentives.

16 Q. HAVE YOU DETERMINED THE COMPANY’S PLAN TO BE
17 REASONABLE AND WELL-BALANCED?

18 A. To determine whether the Company’s Plan is reasonable and well-balanced, I examined
19 the features of the programs to identify whether the Plan includes accessible program
20 options for all ratepayers, and I evaluated the return on investment to ratepayers. The
21 Plan proposed by the Company provides programs that are sufficiently diverse to allow
22 all ratepayers an opportunity to participate in at least one program and offers a
23 comprehensive program to both residential ratepayers, including low-income
24 ratepayers, and non-residential ratepayers. The programs offered under the Plan are
25 considered the best practices among other utility energy efficiency programs

1 nationwide. Additionally, the measures included in the programs have been evaluated
2 through the SWE.

3 While the Plan has met these criteria, I do not feel that the Plan is well-balanced,
4 as a significant portion of the energy savings for residential customers is coming from
5 HERs. It is recommended in the *Phase IV Implementation Order* that there be a
6 comprehensive focus on long-lived, deep savings measures. However, HERs provide
7 short-lived savings that only last a maximum of two years. This issue is discussed
8 further in Section V of my Direct Testimony.

9 Q. HAVE YOU REVIEWED THE COMPANY’S PROPOSED RECOVERY
10 METHOD, THE EEC SURCHARGE?

11 A. Yes. DQL proposes to recover costs associated with the Phase IV plan through the EEC
12 Surcharge.⁸ The Company will maintain its current surcharge, but any Phase III “costs
13 that remain through the end of Phase III on March 31, 2021, will be included and
14 reconciled as separate line items in the April 1, 2021 through March 31, 2022
15 reconciliation period for Phase IV.”⁹ The surcharge is individually calculated by rate
16 class, which results in six rate class surcharge calculations.¹⁰ The proposed surcharge
17 will be calculated using the same methodology as Phase III, with a modification to
18 reflect PJM FCM proceeds and deficiency charges. DQL proposes to create PJM billing
19 subaccounts for each EEC class to ensure that FCM proceeds and deficiency charges
20 are tracked appropriately. Although the Company indicates that it will include the FCM
21 proceeds and deficiency charges as part of its surcharge calculation, the surcharge
22 calculation does not reflect this change.

⁸ Direct Testimony of David B. Ogden, p. 11, line 17 through p. 12, line 2.

⁹ Id., p. 11, line 21 through p. 12, line 2.

¹⁰ The customer classes include residential, small and medium commercial and industrial, large commercial, industrial, lighting, and unmetered as shown in Exhibit DBO-1 Schedule of rates second revised page no. 118.

1 Q. DO YOU HAVE ANY RECOMMENDATIONS REGARDING THE EEC
2 SURCHARGE FOR PHASE IV?

3 A. Yes. First, it is unclear from DQL's filing how program costs through May 31, 2021
4 and costs after that date for closing out Phase III will be recouped. I recommend that,
5 similar to the Company's policy for Phase III charges through March 31, 2021, any
6 Phase III costs related to program charges through May 31, 2021 and Phase III closing
7 costs after that date be tracked separately from the costs to be recovered from Phase
8 IV. Second, I recommend that the Company include an FCM component in its tariff
9 calculations for full transparency. The component will reflect the proceeds or
10 deficiency charge that either increases or decreases the EE&C costs.
11

12 **III. RESIDENTIAL PROGRAMS**

13 Q. HAVE YOU DETERMINED THAT THE RESIDENTIAL PROGRAMS
14 DESCRIBED IN DQL'S PLAN ALLOW FOR ALL RESIDENTIAL
15 RATEPAYERS TO PARTICIPATE?

16 A. Yes. The Residential Programs are open to all residential customers, including low-
17 income, multifamily, and those on master-metered accounts. The Residential Program
18 offers ratepayers rebates and opportunities for: appliances; appliance recycling, home
19 audits; weatherization measures; lighting; new construction; and heating, ventilation
20 and air conditioning ("HVAC") measures. In addition to audits and rebates, Duquesne
21 will be offering home energy reports ("HERs") for residential and low-income
22 customers.

23 Q. PLEASE DISCUSS THE COST-EFFECTIVENESS OF THE PROPOSED
24 RESIDENTIAL PROGRAM.

1 A. The portfolio of Residential Programs is cost-effective when evaluated under the TRC
2 test formula for measuring cost-effectiveness. The Company's forecasted program
3 costs and energy savings levels produce a gross TRC of 1.27.

4 Q. ARE YOU CONCERNED ABOUT THE TRC FOR THE RESIDENTIAL
5 PROGRAM?

6 A. Yes. The level of net benefits from this program is close to 1.0; however, most of the
7 Residential Programs are mature and established in Phase III, if not earlier. The positive
8 result of that is that the Residential Program should experience lower administrative
9 costs, as the programs are already established and the marketing is in place to continue
10 the promotion of the program. The negative side of the Residential Program being
11 mature is that the low-hanging fruit has been captured in the prior phases, which makes
12 reaching new or repeat participants potentially more challenging and costly.
13 Furthermore, the Residential Program lacks an array of new and innovative measures.

14 Q. DO YOU HAVE A RECOMMENDATION THAT MAY PROVIDE
15 REASSURANCE AS TO THE COST-EFFECTIVENESS OF THE
16 RESIDENTIAL PROGRAM?

17 A. Yes. I recommend that the Company continue to innovate its Residential Portfolio
18 throughout Phase IV. The Company indicated that it plans to dedicate no more than 2%
19 of its Phase IV budget towards experimental equipment and pilot programs.¹¹ The
20 Company should use funding allocated for the residential class to conduct research and
21 pilot measures to expand the residential measure offerings by considering measures
22 such as electric vehicle charging stations. As the program components mature, it is
23 important for the portfolios to develop new offerings as a way to continue to garner
24 participation, including from those that have previously participated in other programs.

¹¹ All costs associated with the Pilot Program budget will be traced by customer class and will be tracked to ensure spending on this does not exceed the 2 percent budget.

1 Additionally, as noted in Section V of this testimony, the residential portfolio is heavily
2 reliant on HERs and would benefit from the research and development of new measures
3 and programs to offset the short-lived savings provided by the HERs. Therefore, I
4 support the Company’s allocation of funds towards research and development of new
5 measures and programs and recommend that a portion of that budget be utilized to
6 investigate residential offerings.

7 Q. DO YOU BELIEVE THAT THE PROPOSED PLAN IS ACHIEVABLE
8 BASED UPON PRIOR PROGRAM PERFORMANCE?

9 I believe that the Residential Program is achievable and that the projected savings are realistic,
10 given prior performance and the elimination of most of the lighting measures from the
11 Residential Program. Historically, the residential portfolio has been reliant on highly cost-
12 effective energy savings from the lighting program. As the result of compliance with EISA,
13 the level of savings projected in Phase IV from lighting is a fraction of what has been
14 experienced in prior phases. This results in significantly lower energy savings, shown with the
15 Phase IV target to be achieved over five years is almost equivalent to the savings achieved in
16 PY10. Given the performance, excluding lighting, in Phase III to date, I believe that the plan
17 proposed is achievable. However, I will note that it is unclear what impact COVID-19 may
18 have on the early years of Phase IV. Although the savings seem achievable based on Phase III
19 verified savings, measures that require contractors to be within a residence may experience
20 lower participation rates at the beginning of Phase IV. Additionally, as discussed in Section V
21 of my testimony, the HERs may have difficulty recognizing savings as COVID has resulted in
22 more people working and schooling from home which may leave limited ability to reduce
23 energy usage.

1 **IV. LOW-INCOME PROGRAM**

2 Q. WHAT ARE THE LOW-INCOME PROGRAMS PROPOSED BY THE
3 COMPANY?

4 A. The Company is offering the Low-Income Energy Efficiency Program (“LIEEP”) and
5 the Low-Income Behavioral Energy Efficiency Program (“LI-BEEP”) to satisfy the
6 low-income carve-out for Phase IV. The LIEEP offers virtual and in-person walk-
7 through audits with the installation of measures such as lighting, HVAC, appliances,
8 air sealing and insulation, and water heating at no cost. DQL plans to coordinate the
9 LIEEP with other low-income efforts such as the natural gas distribution companies
10 and community-based organizations that provide low-income services. Single and
11 multi-family households, as well as master-metered customers, are eligible for the
12 program, with multi-family common areas eligible to receive cost-shared lighting and
13 appliance recycling and replacement. The LI-BEEP is a HER program that will be
14 offered to approximately 15,600 qualified low-income customers that will receive
15 reports to encourage changes to energy use behavior.

16 Q. DO YOU BELIEVE THAT THE LOW-INCOME PROGRAMS PROVIDE
17 OPPORTUNITIES FOR DQL’S LOW-INCOME CUSTOMERS?

18 A. Yes. With the addition of the virtual assessment, qualified customers will have an
19 opportunity to participate in the energy efficiency programs through this Program.
20 DQL is providing a comprehensive weatherization program through the LIEEP at no
21 cost to the participant. In addition to cost, DQL’s program removes the barrier of
22 homeownership by allowing multifamily units to be eligible for all measures, as well
23 as offers energy efficient measures for common-area spaces when the cost is shared
24 with the building owners.

1 It is unclear what opportunities may be provided to low-income customers
2 through the LI-BEEP, as impacts from COVID may impede behavioral changes and
3 outside of LIEEP, there are cost barriers that may prevent low-income customers from
4 implementing DQL’s residential EE&C measures that can assist changes to energy
5 efficiency behavior.

6 Q. ARE THE LOW-INCOME PROGRAMS COST-EFFECTIVE?

7 A. The LIEEP is projected to be cost-effective with a gross TRC of 1.02; however, the LI-
8 BEEP is not projected to be cost-effective, with a gross TRC of 0.61. It is rare for a
9 program that provides no-cost assessments and measures to income-qualified
10 customers to be cost-effective on its own; therefore, I applaud the Company’s ability
11 to provide a cost-effective LIEEP. My concerns regarding the LI-BEEP not being cost-
12 effective are discussed in the next section.

13

14 **V. HOME ENERGY REPORTS PROGRAMS**

15 Q. PLEASE DESCRIBE THE TWO HERS PROGRAMS PROPOSED BY
16 DQL.

17 A. DQL is proposing to offer HERs programs through two avenues: to residential
18 customers that are not low-income and to income-eligible customers under the
19 Residential Behavioral Energy Efficiency Program (“R-BEEP”) and the LI-BEEP,
20 respectively. Both Programs will offer electronic and mailed home energy reports to
21 residential ratepayers which motivate customers to reduce energy consumption by
22 comparing a home’s energy usage to neighborhood usage and recommending energy
23 savings measures and tips based on specific energy-usage patterns. For the R-BEEP,
24 the annual participation ranges from 165,100 to 203,700 and is expected to render an
25 average annual energy savings of 9,940 MWh. The LI-BEEP is estimated to have

1 between 14,300 and 17,400 participants, which will render an average annual energy
2 savings of 1,500 MWh. Collectively, the two Programs are estimated to cost \$5.28
3 million throughout Phase IV.

4 Q. DO YOU HAVE ANY CONCERNS REGARDING THE OFFERING OF
5 THE HERS PROGRAMS TO RESIDENTIAL AND LOW-INCOME
6 RATEPAYERS?

7 A. Yes. First, I have concerns that the savings may be lower than expected due to the
8 impacts of COVID-19 and limited ability for participants to lower their at home energy
9 use. As a result of COVID-19, more people are working and schooling from their
10 homes, which may limit their ability to reduce energy usage. This hurdle has not been
11 taken into consideration by the Company.

12 Second, and most importantly, I am concerned about the Company's reliance
13 on HERs to achieve its energy target, as the savings achieved through HERs is short-
14 lived and lasts a maximum of two years. The first-year savings recognized from the R-
15 BEEP and LI-BEEP are equivalent to 46% of the residential portfolio's energy savings
16 and 15% of the total Phase IV savings. The lifetime savings of this program will not be
17 experienced beyond Phase IV, which means that residential ratepayers are investing in
18 short-term savings rather than long-life measures, such as air weatherization and
19 HVAC. I am not opposed to HERs being included as part of the residential portfolio as
20 they do generate savings, albeit short-lived, and they also serve as a marketing tool for
21 a utility's other programs. However, I am opposed to this level of investment of
22 ratepayers' funds in short-lived savings. While I understand that the Company utilized
23 the Act 129 SWE Energy Efficiency and Peak Demand Reduction and Demand
24 Response Potential Studies to develop its Phase IV portfolio, it should have explored
25 deeper savings programs to prudently invest ratepayers' funds to meet the

1 Commission's recommendation that there be a comprehensive focus on longer-lived,
2 deep savings measures. Other utilities, such as PPL Electric Utilities ("PPL"), also had
3 their target developed using HERs as a recommended measure; however, PPL did not
4 include HERs as part of its Phase IV portfolio.

5 Q. DO YOU HAVE ANY OTHER ISSUES WITH THE HERS OFFERED BY
6 DQL?

7 A. Yes. The LI-BEEP is not cost-effective and as stated above, it is unclear whether low-
8 income customers will be able to reduce their usage given the current conditions. It
9 would seem that the LI-BEEP funds may be better suited to be invested in the LIEEP,
10 as it would provide deeper, long-lasting savings for a customer segment that needs the
11 continued savings year over year and by doing so, the Company would be making a
12 more prudent investment of ratepayer funds.

13 Q. WHAT IS YOUR RECOMMENDATION REGARDING THE HERS?

14 A. I recommend that DQL revise its Phase IV residential portfolio to reflect a lower
15 reliance on HERs and prudently invest residential ratepayer funds into deeper, long-
16 lived measures that will provide greater lifetime savings than could be experienced in
17 years beyond Phase IV.

18 If the Commission should approve DQL's Plan as is, I recommend that DQL
19 compare its PY13 actual savings to projected savings. If either the R-BEEP or LI-BEEP
20 does not produce energy savings within 15% of its projections, then the Company
21 should suspend the struggling program until market conditions improve. It is unclear
22 what the impacts of COVID may be on behavioral programs; however, when such
23 programs are heavily relied upon for the energy savings of a portfolio, it could be
24 detrimental to achieving DQL's target if the program spending is not reallocated to
25 another residential program.

1 **VI. PJM FORWARD CAPACITY MARKET**

2 Q. DOES THE COMPANY HAVE PLANS TO NOMINATE PEAK DEMAND
3 REDUCTIONS INTO THE PJM FORWARD CAPACITY MARKET?

4 A. Yes. As detailed in its Plan, the Company will nominate a portion of its non-residential
5 peak demand reduction as a capacity resource into PJM's FCM. At this time, it is
6 unclear which energy efficiency measures will contribute to the peak demand reduction
7 that is nominated into the FCM; however, DQL has indicated that residential measures
8 will not be used. To properly reflect the proceeds and/or penalties for cost recovery,
9 DQL has updated its tariff to clearly show the results of the FCM. Cost recovery will
10 be assigned by the customer class that provides the capacity.

11 Q. DO YOU HAVE ANY CONCERNS REGARDING THE NOMINATION OF
12 PEAK DEMAND REDUCTION INTO THE PJM FCM?

13 A. Yes. There is a concern regarding how underperformance on a peak demand
14 nomination may impact ratepayers, as penalties would be recouped through the EEC
15 Surcharge from the rate class where demand reductions were not realized. Until there
16 is a penalty assessed, the extent of the impact from a penalty is unclear.

17 Q. WHAT ARE YOUR RECOMMENDATIONS REGARDING DQL'S
18 PARTICIPATION IN THE PJM FCM?

19 A. The Company should file its plan for nominating demand reductions with the
20 Commission. Currently, the Company's approach lacks details, such as which
21 measures will be bid in and how DQL will bid to shield ratepayers from realizing
22 penalties. Furthermore, the Company should identify how it will limit ratepayer
23 exposure to penalties. This should include a sensitivity analysis of the impact on the
24 EEC Surcharge by ratepayer class if various levels of penalties are assessed. The
25 Company's PJM FCM plan should be filed with the Commission to allow for

1 stakeholders to comment on the plan before DQL begins bidding into the FCM. By
2 filing this plan, it can quell some concerns stakeholders may have about the potential
3 negative impact to ratepayers.

4 5 **VII. CONCLUSION**

6 Q. BASED UPON YOUR REVIEW OF DQL'S PHASE IV PLAN, DO YOU
7 RECOMMEND THE COMMISSION APPROVE THE PLAN?

8 A. Through my review, I determined that the Phase IV plan meets most of the
9 requirements provided in the Phase IV Implementation Order; however, the plan does
10 not address the requirement on how it will handle Phase III close out costs incurred
11 after June 1, 2021. Additionally, although not a requirement, I do not agree with DQL's
12 heavy reliance on HERs and do not find that residential ratepayers' funds are prudently
13 invested. Therefore, I am unable to recommend approval of the Phase IV Plan as it is
14 currently filed. Below is a summary of the recommendations that I propose the
15 Commission adopt if it approves DQL's Phase IV Plan:

- 16 • As part of its rebuttal, the Company should revise its residential portfolio to
17 reduce its reliance on home energy reports ("HERs") for energy savings and
18 invest a portion of the HERs budget into residential efforts that produce long-
19 lived savings. If R-BEEP and LI-BEEP are approved by the Commission
20 without any modifications, it is recommended that DQL be required to pause
21 its investment in either program if the realized savings energy savings is not
22 within 15% of the projected energy savings and reallocate those funds to other
23 residential programs.
- 24 • With regard to the Energy Efficiency and Conservation Phase III Plan
25 Surcharge ("EEC Surcharge"), the Company should:
 - 26 ○ Clarify how the Company will meet the *Phase IV Implementation*
27 *Order Requirement I.2 (2)*;
 - 28 ○ Track all Phase III expenditures separately from the Phase IV costs for
29 transparency; and

- 1 o Include the tracking of FCM proceeds and deficiency charges into the
2 calculation of the surcharges for each rate class.
- 3 • The Company should invest a portion of the 2% of costs allocated for its Pilot
4 Program to exploring measures for the residential sector in order to develop
5 new and innovative measures and programs for residential customers.
- 6 • The Commission should require DQL to file its plan for nominating demand
7 response into the PJM FCM, which should include the following details:
- 8 o Delivery year for the first nomination;
- 9 o Measures that will provide demand reductions, by customer class;
- 10 o Methodology to determine which rate classes have delivered demand
11 reductions; and
- 12 o Details on how DQL will limit ratepayer exposure to penalties,
13 including a sensitivity analysis of the impact to the EEC Surcharge.

14 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

15 A. Yes, it does.

**Exhibit SLS-1:
Duquesne Light Company Phase IV Implementation Order Compliance
Checklist**

PHASE IV Implementation Order Requirement	Requirement Addressed	Comments
A.1. Recommended: Comprehensive focus on longer-lived, deep savings measures	No	The portfolio of residential programs is heavily reliant on savings generated from behavioral reports, which is short-lived savings.
A.2(b) Report consumption reduction (CR) at meter level without line loss factor	Yes	
A.2(c) Achieve at least 15% of CR target (MWh) in each program year for 6/1/2021-5/31/2026 period	Yes	Figure 1 of plan shows ramp up rates indicating consumption targets reached above threshold (p.10) Plan designed to exceed compliance target by 10.2%, (see Table 2 p.140 of plan)
A.2(d) At least 1 comprehensive program for residential and non-residential customers each	Yes	
A.3(1) Specific measures for households at or below 150% of FPIG proportionate to sectors total usage in EDC territory	Yes	
A.3(2) 5.8% minimum of total CR target from low-income sector	Yes	See Figure 18 p.112 of plan; however, the Commission lowered the threshold to 5.3% for DQL confirmed in the Implementation Order
A.4 Report GNI sector savings and highlight how it will be served	Yes	Will report savings associated with GNI customers in Non-residential programs (p.8 of and page 10 plan)
A.5 Consumption Reduction carryover only from Phase III savings allowed if any	Yes	No Carryover
A.7 Annual CR measured using savings approach	Yes	Same requirement as in Phase II and Phase III

B.5 Achieve minimum 15% of PDR (MW) target each program year exclusively through efficiency measures	Yes	Annually, the plan is designed to achieve between 19% and 21% and the overall plan is designed to exceed the five-year compliance target by 10.7% (see Table 3 p.141 of plan)
B.7 No PDR target carryover from Phase III to Phase IV	Yes	No carryover
C.3 Each customer class offered at least 1 program, and programs that include measures for all customer classes	Yes	Section 3 of the DQL Plan covers programs and measures for each customer class
D.1 SWE funded by EDC	Yes	DQL does not estimate costs for the SWE, but states “the company will allocate the SWE costs to each customer class based on forecast sales (kWh) for that customer class.” (DQL statement No. 2 p.13)
D.3 Annual reports to be filed 9/30 each year, include savings for GNI, low income carve out multi-family housing, and for multifamily portfolio	Yes	
E.2(1) Continue NTG research and planning and report both net and gross TRC ratios in plan	Yes	DQL plans to continue evaluating plan throughout Phase IV (p. 102 Section 6.1.4). The gross TRC is 1.31 and the net TRC is 1.17 (Section 11, Table 13a p.189)
E.2(2) Plan is cost-effective based on gross TRC ratio	Yes	The overall portfolio is projected to have a gross TRC of 1.31. Residential Portfolio has a gross TRC of 1.27 Small C&I Portfolio has a gross TRC of 1.10 Large Commercial Portfolio has a gross TRC of 1.52

<p>F.1 Must include final year Phase IV report information for program period by class of customer equal to CR target</p>	<p>Yes</p>	<p>As shown in plan's summary Table 2 p.140 Also see Section 5.2.4 p.96</p>
<p>G.1 Competitive Bidding for CSP (Commission must comment within 15 days of filing, otherwise approved)</p>	<p>Yes</p>	<p>(Same minimum criteria for review process in Phase IV as in Phase III, EDC can use Phase III CSP competitive bidding process if desired) DQL issued competitive solicitations for design and implementation of each of the five programs (p.8 of plan).</p>
<p>G. 2 Contract approval (Same minimum criteria in Phase IV as used in Phase III)</p>	<p>Yes</p>	<p>“The Company’s contract with the CSP [Guidehouse] is being filed contemporaneously with this plan on a Confidential basis. Other CSPs will be selected through the same approved RFP process and fulfill all regulatory requirements...” (p.87 of plan)</p>
<p>H.1 CSP participation</p>	<p>Yes</p>	<p>Conditions and processes for Phase IV are the same as listed in 7/16/2013 and 5/8/2015 commission orders. DQL states its “measure mix was taken from proposals selected based on CSP expertise and innovation” and the plan “forecast measure detail is directly linked to CSP response to competitive solicitations issued by Duquesne.” (p.7 of plan) States programs will be directly implemented by CSPs (p.11 of plan, or Section 4 p.79)</p>

<p>I.1(1) Reasonable and prudent cost recovery for plan management up to 2% of EDC total 2006 annual revenue (SWE expense and low-income CR program excluded)</p>	<p style="text-align: center;">Yes</p>	<p>Phase IV Plan is projected to fully expend its \$ 97,729,760 million on its EE&C programs. Cost recovery will occur via the Phase IV “Energy Efficiency and Conservation” surcharge, which has four calculated charges. Defined for residential, commercial, and industrial with commercial and industrial customer separated into small and medium C&I, and large C&I segments (See Section 7.5 p.105 of plan)</p>
<p>I.1(2) All program costs classified as either incentive or administrative</p>	<p style="text-align: center;">Yes</p>	<p>Each program in Section 3 of DQLs plan presents a table summarizing Incentive and Non incentive costs (see o.27 for example) Also see Section 4.2.3 which details the administrative budget (p.86) or Appendix C (p.134 of plan)</p>
<p>I.1(3) Plan shows at least 50% of all spending allocated to incentives and less than 50% allocated to non-incentive cost categories</p>	<p style="text-align: center;">Yes</p>	<p>DCL states this requirement “has caused incentive levels to increase to a portfolio average of 56.2%” in every program overview in Section 3 (see p.26 of plan for example) Also see Table 9 p.173-182 of plan for detailed summary.</p>
<p>I.1(4) Total cost of plan as annual amount rather than full proposed 5-year period</p>	<p style="text-align: center;">Yes</p>	
<p>I.2(1) Phase IV PDR target met completely with projects installed and funded during Phase IV</p>	<p style="text-align: center;">Yes</p>	

I.2(2) Phase III budget used to close out program delivery on 6/1/2021 and report measures installed and commercially operable before 5/31/2021	Unclear	DQL indicated how it will handle costs through May 31, 2021 in its surcharge; however, there is no discussion regarding how Phase III costs will be treated after that.
I.3 Clear deadlines between measure in-service date and rebate application date included on all rebate forms and applications	Yes	See p.29 of plan for example, “rebates are subject to application deadline of 180 days from date of purchase or installation.”
I.4 Cost allocated to customer class appropriately, no class excluded from surcharge, and used general cost of service principles for administrative costs	Yes	DQL combined the small and medium C&I customer surcharges reducing total number of surcharges from 7 to 6 pursuant to surcharge DQL utilized in Phase III (p. 15 of plan, or Section 7.5 p.105)
I.5 Nominate portion of expected peak demand savings into PJM FCM	Yes	DQL plans to bid up to 2 MW beginning in BRA Delivery Year 2025/2026 through a single resource modeled using PJMs Capacity Exchange System representing commercial interior lighting (p.11 of plan)
I.6(1) Include proposed CR tariff mechanism	Yes	See section 7.4 of plan for overview of cost recovery mechanism (p.104)
I.6(2) Annual surcharge based on projected program costs over surcharge application year	Yes	
I.6(3) No interest levied on over or under recoveries and PJM FCM proceeds/penalties carried through	Yes	See p.106 of plan
I.6(4) On 6/1/2021 reconcile total actual recoverable plan expenditures and revenues incurred through 3/1/2021	Yes	See Section 7.6 p.105 of plan

I.6(5) As part of calculation for Phase IV rates, included clear separate line items for projections of expenses to finalize Phase III contracts, finalize any measures installed and commercially operable before 5/31/2021, and any other Phase III administrative obligations.	Yes	See Section 7.6 p.105 of plan
<i>Note: Numbering is direct reference to the Commission Implementation order adopted June 18, 2020 Docket No. M-2020-3015228</i>		

ATTACHMENT A

**QUALIFICATIONS OF
STACY L. SHERWOOD**

STACY L. SHERWOOD

Ms. Sherwood is an Economist at Exeter Associates, Inc. At Exeter, Ms. Sherwood develops utility service assessments, provides bill and rate analysis, and assesses and evaluates the effectiveness of energy conservation and efficiency programs and smart meter implementation plans. She also conducts analysis on renewable energy initiatives and life-cycle cost analysis of renewable energy projects. Prior to joining Exeter, Ms. Sherwood worked on energy efficiency with the State of Maryland.

Education

B.A. (Economics, Business, and Accounting) – McDaniel College, 2009

Previous Employment

2013-2015	Assistant Director Maryland Public Service Commission Baltimore, Maryland
2011-2013	Regulatory Economist II Maryland Public Service Commission Baltimore, Maryland
2009-2011	Regulatory Economist I Maryland Public Service Commission Baltimore, Maryland

Professional Experience

Ms. Sherwood's work at Exeter is primarily related to energy efficiency, renewable energy, automated metering infrastructure, cost recovery, and revenue requirements. Ms. Sherwood has successfully worked with utilities, state energy offices, attorney general's offices, consumer advocates, and commission staffs. Ms. Sherwood provides ongoing support to the Arkansas Office of the Attorney General and the Pennsylvania Office of Consumer Advocates regarding their respective states' utility energy efficiency programs, including analysis of utility energy efficiency plans and proposed plan amendments; analysis of issues raised during stakeholder meetings; review of riders and surcharges related to cost-recovery; and provide recommendations on technical and policy-related matters. She has contributed to several publications issued by the Maryland Power Plant Research Program regarding electricity in Maryland, including load forecasting, analysis of policy impacts, and inclusion of renewable resources. Additionally, Ms. Sherwood has worked with the Department of Defense to study the demand response potential at various Army Garrisons throughout the United States by conducting on-site visits and performing analysis of electric bills.

At the Maryland Public Service Commission, Ms. Sherwood performed analysis on the EmPOWER Maryland energy efficiency and demand response programs, the Exelon Customer Investment Fund, and served as lead analyst for the EmPOWER Maryland limited income programs implemented by the Maryland Department of Housing and Community Development. For those initiatives, she developed reporting templates and guidelines; oversaw evaluation, measurement, and verification of program results; and recommended and ensured compliance with policies. Additionally, Ms. Sherwood assisted with the development of regulations proposed before the Commission to implement the 2013 Maryland Offshore Wind Energy Act.

Publications and Consulting Reports

Fort Riley Assessment of Utility Contracts and Costs, on behalf of the U.S. Army Installation Management Command and Army Commercial Utilities Program, April 2019 (with Steven Estomin of Exeter Associates, Inc.).

Sierra Army Depot Assessment of Utility Contracts and Costs, on behalf of the U.S. Army Installation Management Command and Army Commercial Utilities Program, March 2019 (with Steven Estomin of Exeter Associates, Inc.).

Fort Riley Assessment of Demand Response Opportunities, on behalf of the U.S. Army Office Chief of Staff for Installation Management, January 2018 (with Christina Mudd of Exeter Associates, Inc. and Jim Clark of Clark Energy, Inc.).

Fort Gordon Assessment of Demand Response Opportunities, on behalf of the U.S. Army Office Chief of Staff for Installation Management, June 2017 (with Christina Mudd of Exeter Associates, Inc. and Jim Clark of Clark Energy, Inc.).

Cumulative Environmental Impact Report, on behalf of the Power Plant Research Program, Maryland Department of Natural Resources, December 2016 (with Steven Estomin, Kevin Porter, Rebecca Widiss, and Nicholas DiSanti of Exeter Associates, Inc.; Environmental Resources Management, Inc.; Versar, Inc.; Metametrics, Inc.; Spectrum Environmental Services, Inc.; and RGM Incorporated).

Long-Term Electricity Report for Maryland, on behalf of the Power Plant Research Program, Maryland Department of Natural Resources, December 2016 (with Steven Estomin, Kevin Porter, Rebecca Widiss, Nicholas DiSanti, Cali Clark, and Laura Miller of Exeter Associates, Inc.).

Fort Stewart Assessment of Demand Response Opportunities, on behalf of the U.S. Army Office Chief of Staff for Installation Management, September 2016 (with Christina Mudd and Felipe Salcedo of Exeter Associates, Inc. and Jim Clark of Clark Energy, Inc.).

Edwards Air Force Base Feasibility of a Geothermal Project, on behalf of the U.S. Air Force Civil Engineer Center, April 2016 (with Christina Mudd and Kevin Porter of Exeter Associates, Inc.).

Expert Testimony

Before the Pennsylvania Public Utilities Commission, Docket No. R-2020-3020919
Pennsylvania Public Utility Commission v. Audubon Water Company, November 2020, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase. (Pending)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2020-3020256
Pennsylvania Public Utility Commission v. City of Bethlehem – Water Department, November 2020, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase. (Pending)

Before the Louisiana Public Service Commission, Docket No. U-35456 *Application for Certification of a Replacement Advanced Metering System and Approval of Related Financing*, November 2020, for the Louisiana Public Service Commission Staff. Testified regarding the implementation of automated metering infrastructure to replace current meters. (Pending)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2020-3019612
Pennsylvania Public Utility Commission v. Reynolds Disposal Company, October 2020, for the Pennsylvania Office of Consumer Advocate. Participated in mediation regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3010955
Pennsylvania Public Utility Commission v. City of Lancaster – Sewer Fund, October 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3008208
Pennsylvania Public Utility Commission v. Wellsboro Electric Company, October 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3008209
Pennsylvania Public Utility Commission v. Valley Energy, Inc., October 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3008212, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, PA*, October 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3009559, *Pennsylvania Public Utility Commission v. Eaton Sewer & Water Company, Inc. – Wastewater Division*, August 2019, for the Pennsylvania Office of Consumer Advocate. Participate in mediation regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3009567, *Pennsylvania Public Utility Commission v. Eaton Sewer & Water Company, Inc. – Water Division*, August 2019, for the Pennsylvania Office of Consumer Advocate. Participate in mediation regarding reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3008947, *Pennsylvania Public Utility Commission v. Community Utilities of Pennsylvania Inc. Water Division*, July 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3008948, *Pennsylvania Public Utility Commission v. Community Utilities of Pennsylvania Inc. Wastewater Division*, July 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2019-3006904, *Pennsylvania Public Utility Commission v. The Newtown Artesian Water Company (Supplement No. 136 to Tariff Water – Pa. P.U.C. No. 9)*, March 2019, for the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the overall revenue increase. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2018-3006814, *Pennsylvania Public Utility Commission v. UGI Utilities, Inc – Gas Division (Utility Code 123100, Filed Tariff Gas- Pa. P.U.C. Nos. 7 and 7S)*, January 2019, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of its proposed consolidated natural gas energy efficiency plan. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. M-2018-3004144, *Petition of UGI Utilities, Inc. – Electric Division for Approval of Phase III of its Energy Efficiency and Conservation Plan*, August 2018, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of proposed Plan. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. R-2018-3001307, *Pennsylvania Public Utility Commission v. Hidden Valley Utility Services, L.P. – Wastewater (General Rate Increase Filed Pursuant to 66 PS. CS 1308, Including Answers to 52 PA. Code 53.52)*, April 2018, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding the reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. R-2018-3001306, *Pennsylvania Public Utility Commission v. Hidden Valley Utility Services, L.P. – Water (General Rate Increase Filed Pursuant to 66 PS. CS 1308, Including Answers to 52 PA. Code 53.52)*, April 2018, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding the reasonableness of the overall revenue increase.

Before the Pennsylvania Public Utilities Commission, Docket No. P-2015-2497267, *Petition of Duquesne Light Company for Approval of its Smart Meter Procurement and Installation Plan*, February 2016, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding the inclusion of additional costs related to the Plan's implementation.

Before the Pennsylvania Public Utilities Commission, Docket No. M-2015-2477174, *Petition of UGI Utilities, Inc. – Electric Division for Approval of Phase II of its Energy Efficiency and Conservation Plan*, February 2016, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of proposed Plan. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. M-2015-2515642, *Petition of PPL Electric Utilities for Approval of its Energy Efficiency and Conservation Phase II Plan*, January 2016, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the proposed Plan and its compliance with Pennsylvania Act 129. (Case settled prior to cross-examination.)

Before the Pennsylvania Public Utilities Commission, Docket No. M-2015-2515375, *Petition of Duquesne Light Company for Approval of its Energy Efficiency and Conservation Phase II Plan*, January 2016, on behalf of the Pennsylvania Office of Consumer Advocate. Testified regarding reasonableness of the proposed Plan and its compliance with Pennsylvania Act 129. (Case settled prior to cross-examination.)

Before the Public Utilities Commission of Rhode Island, Docket No. 4595, *Newport Water Division – Rate Application to Collect Additional Revenues of \$1,304,595 for a Total Cost of Service of \$20,151,440*, December 2015, on behalf of the Division of Public Utilities and Carriers. Testified regarding reasonableness of the overall rate revenue increase.

Before the Maryland Public Service Commission, Case No. 9311, *In the Matter of the Application of Potomac Electric Power Company for an Increase in its Retail Rates For the Distribution of Electric Energy*, April 2013, on behalf of the Maryland Public Service Commission Staff. Testified regarding the inclusion of advanced metering infrastructure meters and energy advisor and engineer positions in rates.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Duquesne Light Company :
for Approval of its Act 129 Phase IV : Docket No. M-2020-3020818
Energy Efficiency and Conservation Plan :

VERIFICATION

I, Stacy L. Sherwood, hereby state that the facts set forth in my Direct Testimony, OCA Statement 1, are true and correct (or are true and correct to the best of my knowledge, information, and belief) and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

DATED: January 14, 2021
*302402

Signature:



Stacy L. Sherwood

Consultant Address: Exeter Associates, Inc.
10480 Little Patuxent Parkway
Suite 300
Columbia, MD 21044-3575

Via electronic service only due to Emergency Order at Docket No. M-2020-3019262

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for	:	M-2020-3020818
Approval of its Act 129 Energy Efficiency and	:	
Conservation Plan	:	

**INTERIM ORDER
ADOPTING JOINT STIPULATION FOR ADMISSION OF EVIDENCE AND
ADMITTING EVIDENCE INTO THE RECORD**

By Notice issued January 19, 2021, an evidentiary hearing in this matter was scheduled for February 8, 2021.

On February 5, 2021, Duquesne Light Company (DLC or Company), the Office of Consumer Advocate (OCA), the Coalition for Affordability Utility Services and Efficiency in Pennsylvania (CAUSE-PA), Peoples Natural Gas Company, LLC, and the Community Action Association of Pennsylvania (CAAP), all parties in the above-captioned proceeding (hereinafter collectively referred to as the Stipulating Parties), filed a “Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record (Joint Stipulation) in the above-captioned proceeding.”¹ The Joint Stipulation is attached to this Order as Attachment A.

Also on February 5, 2021, the Company’s counsel emailed the undersigned advising that all parties agreed to waive cross-examination and had reached a Settlement in this matter.² Counsel also requested that the evidentiary hearing be cancelled.

¹ The Office of Small Business Advocate (OSBA) is also a party in this proceeding. In his February 5, 2021 email to the undersigned, the Company’s counsel advised that, although OSBA is not a party to the Joint Petition, it had no objection to it.

² The Company’s counsel advised that, although OSBA was not joining the Settlement, it had no objection to it.

By Notice dated February 5, 2021, the evidentiary hearing was cancelled.

Each of the Stipulating Parties stipulated to the authenticity of the statements and exhibits listed in the Joint Stipulation and requested that they be admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation.

As this request is reasonable, it will be granted.

THEREFORE,

IT IS ORDERED:

1. That the Joint Stipulation, filed on February 5, 2020, is hereby adopted.
2. That the testimonies and exhibits listed in the Joint Stipulation attached to this Order as Attachment A are admitted into the record of this proceeding on the terms and conditions set forth in the Joint Stipulation as if the same were fully set forth in this ordering paragraph.
3. That, by **4:00 p.m. on February 12, 2021**, the parties shall file the admitted evidence, with appropriate verifications, with the Commission's Secretary's Bureau pursuant to 52 Pa.Code § 5.412a.
4. That the parties shall, when filing their evidence pursuant to Ordering Paragraph 3, include in each filing: (a) a copy of this Order, and (b) a cover letter referencing the caption and Docket Number of this proceeding, the specific evidence included in the filing, and the fact that the evidence included in the filing is "admitted evidence."

5. That the parties shall, by **noon on Tuesday, February 9, 2021**, advise the presiding officers by email of their plan for the filing of their Settlement and Statements in Support.

Date: February 8, 2020

_____/s/_____
Emily I. DeVoe
Mark A. Hoyer
Administrative Law Judges

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company	:	
for Approval of its Act 129 Phase IV Energy	:	Docket No. M-2020-3020818
Efficiency and Conservation Plan	:	
	:	

**JOINT STIPULATION FOR ADMISSION
OF TESTIMONY AND EXHIBITS INTO THE EVIDENTIARY RECORD**

TO THE HONORABLE MARK HOYER AND HONORABLE EMILY DEVOE,
ADMINISTRATIVE LAW JUDGES:

I. INTRODUCTION

This Joint Stipulation for Admission of Testimony and Exhibits into the Evidentiary Record (“Joint Stipulation”) is entered into by Duquesne Light Company (“Duquesne Light”), the Office of Consumer Advocate (“OCA”), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), Peoples Natural Gas Company, LLC, and the Community Action Association of Pennsylvania (“CAAP”), parties to the above-captioned proceeding (hereinafter collectively referred to as the “Joint Petitioners”), by their respective counsel. The Joint Petitioners respectfully request that Administrative Law Judges Mark Hoyer and Emily DeVoe admit into the evidentiary record of this proceeding the previously distributed written testimony and exhibits prepared by the witnesses of Duquesne Light, the OCA, CAUSE-PA, and CAAP, as identified below. In support of this request, the Joint Petitioners aver and state as follows:

II. BACKGROUND

1. Duquesne Light is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa.C.S. § 102, certificated by the Commission to provide electric service in the City of Pittsburgh and in Allegheny and Beaver Counties in Pennsylvania. Duquesne Light is also an electric distribution company (“EDC”) and a default service provider as those terms are defined under Section 2803 of the Public Utility Code. 66 Pa.C.S. § 2803.

2. On November 30, 2020, pursuant to Act 129 of 2008 (“Act 129”), 66 Pa. C.S §§2806.1 and 2806.2, and the Implementation Order issued by the Pennsylvania Public Utility Commission (“Commission”) on June 18, 2020, Duquesne Light filed the above-captioned Petition with the Commission. With its Petition, Duquesne Light requested Commission approval of Duquesne Light’s Phase IV EE&C Plan, which covers the period from June 1, 2021 through May 31, 2026. The Phase IV Plan includes a range of energy efficiency and demand response programs designed to achieve the required 348,126 MWh of reduced energy consumption and the required demand reduction of 62 MW. Duquesne Light’s Phase IV EE&C Plan includes a total of twelve programs: five programs targeting the residential sector; four programs targeting the small/medium commercial and industrial sector; and three programs targeting the large commercial/industrial sector.

3. In conjunction with the filing of its Phase IV EE&C Plan, Duquesne Light filed the Direct Testimony of David Defide (Duquesne Light Statement No. 1) explaining the methodology employed to analyze, develop, and implement Duquesne Light’s Phase IV plan; and the Direct Testimony of David Ogden (Duquesne Light Statement No. 2) detailing Duquesne Light’s proposed cost recovery mechanism.

4. Duquesne Light's Plan proposes an Energy Efficiency and Conservation ("EEC") Surcharge, which is designed to fully recover all applicable EE&C-related costs. The EEC Surcharge is fully reconcilable and will be applied on a non-bypassable basis to customers who receive distribution service from the Company. The Plan includes a reconcilable adjustment clause tariff mechanism in accordance with 66 Pa.C.S. § 1307.

5. On December 11, 2020, CAUSE-PA filed its Petition to Intervene and Answer in this proceeding.

6. On December 21, 2020, OSBA filed its Notice of Intervention and Public Statement in this proceeding.

7. Also on December 21, 2020, CAAP filed its Petition to Intervene in this proceeding.

8. On December 30, 2020, a Prehearing Conference Order was issued, which scheduled a Prehearing Conference for January 6, 2021, and directed the parties to file prehearing conference memoranda on or before January 5, 2021.

9. On December 31, 2020, the OCA filed its Notice of Intervention and Public Statement in this proceeding.

10. On January 2, 2021, notice of Duquesne Light's Petition was published in the Pennsylvania Bulletin. The notice established a deadline of January 22, 2021 for the filing of comments on, and responsive pleadings to, the Company's Phase IV EE&C Plan.

11. On January 7, 2021, a Prehearing Order was issued, which established a litigation schedule for the proceeding.

12. On January 8, 2021, CAUSE-PA, CAAP, OCA, OSBA, the Commission on Economic Opportunity, the National Resources Defense Council, the Sustainable Energy Fund

of Central Pennsylvania, and the Tenant Union Representative Network filed a Joint Expedited Motion for Extension of Procedural Schedule (“Joint Expedited Motion”).

13. On January 14, 2021, ALJs Hoyer and DeVoe issued an Order denying the Joint Expedited Motion.

14. On January 14, 2021, OCA served OCA Statement No. 1, the Direct Testimony of Stacy L. Sherwood.

15. On January 14, 2021, CAUSE-PA served CAUSE-PA Statement No. 1, the Direct Testimony of Jim Grevatt.

16. On January 20, 2021, Peoples Natural Gas Company LLC (“Peoples”) filed a Petition to Intervene in the Proceeding.

17. On January 22, 2021, Comments on Duquesne Light’s Phase IV EE&C Plan were filed by the Energy Efficiency for All Pennsylvania Coalition, Daikin U.S. Corporation, Ceres, and Keystone Energy Efficiency Alliance.

18. On January 25, 2021, Duquesne Light served Duquesne Light Statement No. 1-R, the Rebuttal Testimony of David Defide and Duquesne Light Statement No. 2-R, the Rebuttal Testimony of David Ogden.

19. On January 25, 2021, CAAP served CAAP Statement No. 1-R, the Rebuttal Testimony of Susan Moore.

20. On February 5, 2021, the parties informed ALJs Hoyer and DeVoe of the achievement of a settlement, and requested cancellation of the evidentiary hearing.

21. In support of the Settlement, each Joint Petitioner will submit, as an appendix to the Joint Petition, individual Statements in Support of the Settlement.

22. The parties hereby stipulate to the admission into the evidentiary record of the following Testimony and Exhibits, and waive cross examination of the below witnesses:

- a. Duquesne Light Statement No. 1 (Direct Testimony of David Defide).
- b. Duquesne Light Statement No. 2 (Direct Testimony of David Ogden), and accompanying Exhibits DBO-1 through DBO-5.
- c. Duquesne Light Statement No. 1-R (Rebuttal Testimony of David Defide)
- d. Duquesne Light Statement No. 2-R (Rebuttal Testimony of David Ogden), and accompanying Exhibits DBO-1R through DBO-5R.
- e. CAUSE-PA Statement 1 (Direct Testimony of Jim Grevatt) and accompanying Appendices A and B.
- f. OCA Statement No. 1 (Direct Testimony of Stacy L. Sherwood) and accompanying Attachment A and Exhibit SLS-1.
- g. CAAP Statement No. 1-R (Rebuttal Testimony of Susan Moore).

23. Full copies of each of the aforementioned Statements are attached hereto for filing with the Commission, accompanied by signed Verifications.

24. This Joint Stipulation may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

NOW, THEREFORE, desiring to enter into this Joint Stipulation and intending to be bound hereby, the Joint Petitioners agree and stipulate to the following with respect to this proceeding:

That, the testimony and exhibits set forth in paragraph 22 shall be deemed to be made a part of the official evidentiary record of this proceeding and may be used for all proper and


legal purposes in support of the Settlement and Joint Petition as if hearings had been conducted in this matter; and


By entering into this Joint Stipulation, no Joint Petitioner makes any precedential concession or admission as to the sufficiency of the law, facts, positions or assumptions upon which the other Joint Petitioners' testimony statements or exhibits in this matter may be based. In addition, the Joint Petitioners agree that this Joint Stipulation may not be cited as precedent in any future proceeding, except to the extent required to implement and enforce the Joint Stipulation.

By their signatures below, the Joint Petitioners agree to the terms of this Joint Stipulation and represent that they are authorized to execute this Joint Stipulation on behalf of their respective clients/offices.

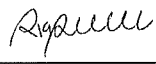
Respectfully submitted,

For: Duquesne Light Company

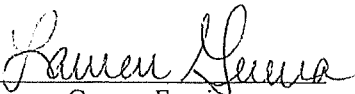

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Date: 2/5/21


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*For: Community Action Association of
Pennsylvania*

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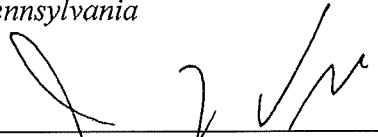
For: Peoples Natural Gas Company, LLC

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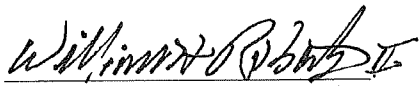
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Duquesne Light Company for Approval :
of its Act 129 Phase IV Energy Efficiency and : Docket No. M-2020-3020818
Conservation Plan :

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the enclosed Joint Stipulation have been served upon the following persons, in the manner indicated, in accordance with the requirements of § 1.54 (relating to service by a participant):

VIA ELECTRONIC MAIL ONLY

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February 5, 2021

Michael A. Gruin

M-2020-3020818 - PETITION OF DUQUESNE LIGHT COMPANY FOR APPROVAL OF ITS ACT 129 PHASE IV ENERGY EFFICIENCY AND CONSERVATION PLAN

Revised 1/21/21

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