

COMMONWEALTH OF PENNSYLVANIA



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August 15, 2023

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

Re: Petition of Philadelphia Gas Works for
Approval of Demand-Side Management
Plan for FY 2024-2026

Philadelphia Gas Works Universal Service
and Energy Conservation Plan for 2014-
2016 52 Pa. Code § 62.4 – Request for
Waivers
Docket No. P-2014-2459362

Dear Secretary Chiavetta:

Enclosed please find the Office of Consumer Advocate's Prehearing Memorandum in the
above-referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

/s/ Gina L. Miller
Gina L. Miller
Assistant Consumer Advocate
PA Attorney I.D. # 313863
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Enclosures

cc: The Honorable F. Joseph Brady (**email only**)
Certificate of Service

*4874-5216-1399

CERTIFICATE OF SERVICE

Petition of Philadelphia Gas Works :
for Approval of Demand-Side Management :
Plan For FY 2024-2026 :
: Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service :
and Energy Conservation Plan For 2014-2016, :
52 Pa. Code § 62.4- Request for Waivers :

I hereby certify that I have this day served a true copy of the following document, the Office of Consumer Advocate's Prehearing Memorandum, 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 15th day of August 2023.

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Phone: (717) 783-5048
Dated: August 15, 2023
*4894-6090-3287

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works	:	
For Approval of Demand-Side Management	:	
Plan for FY 2024-2026	:	
	:	Docket No. P-2014-2459362
Philadelphia Gas Works Universal Service	:	
And Energy Conservation Plan	:	
For 2014-2016, 52 Pa. Code § 62.4-	:	
Request for Waivers	:	

PREHEARING MEMORANDUM
OF THE
OFFICE OF CONSUMER ADVOCATE

Pursuant to Section 333 of the Public Utility Code, 66 Pa. C.S. Section 333, and in response to the Prehearing Conference Order in the above-captioned matter, the Office of Consumer Advocate (OCA) provides the following information:

I. Introduction

By way of background information, PGW’s Demand-Side Management (DSM) programming began when Phase I of its DSM program was approved on July 29, 2010, for the five-year period ending August 31, 2015. Phase I of PGW’s DSM was approved as a part of the settlement of its base rate proceeding at Docket Nos. R-2009-2139884 and P-2009-2097639. Thereafter, on December 23, 2014, PGW filed a Petition for approval of Demand Side Management Plan 2016-2020, referred to as DSM Phase II. The Commission entered a final opinion and order for the DSM Phase II on November 1, 2016, at Docket P-2014-2459362 that approved the continuation of the DSM programs from FY 2017 – FY 2020. Subsequently, on May 7, 2020, PGW filed its Petition for approval of its Phase III Implementation Plan (DSM Phase III)

for FY 2021-2023. The Commission approved a settlement of the DSM Phase III by Order entered May 6, 2021, at Docket P-2014-2459362. Finally, on June 16, 2023, PGW filed a Petition to implement its Demand Side Management Implementation Plan for Fiscal Years 2024-2026 (DSM Phase IV Plan) to cover the period September 1, 2023, to August 31, 2026.

PGW's DSM Phase IV Plan details the program budgets and implementation of PGW's Demand-Side Management Portfolio from September 1, 2023¹ to August 31, 2026. PGW proposes to continue five of the existing DSM programs: (1) Residential Equipment Rebates Program, prescriptive residential heating equipment rebates to replace heating equipment at the end of its operational life; (2) Commercial Equipment Rebates program, prescriptive commercial heating and cooking equipment rebates targeted towards replacement at the end of its operational life; (3) Residential Construction Grants program, to work with and provide incentives to homebuilders, building owners, engineers, architects, and contractors to incorporate natural gas energy efficiency into the design of their projects and go beyond building energy code standards; (4) Smart Thermostat Marketplace, a program that offers direct sales of rebate-discounted ENERGY STAR certified smart thermostats to eligible PGW customers; and (5) Low Income Smart Thermostats program that will provide ENERGY STAR certified smart thermostats in the homes of eligible low-income PGW customers at no cost to the customer. *Petition* at 16-29.

In addition to its existing programming, PGW proposes to add two new programs. The first new program is the EnergySense Kits (ESK) program intended to help customers save energy and money by providing energy-saving measures that can be self-installed. This program will be free

¹ The OCA notes that on July 27, 2023, PGW filed a letter proposing to delay implementation of the DSM Phase IV Plan and to maintain its existing plan until it receives Commission approval to *implement the DSM Phase IV Plan*. PGW's letter correctly states that the OCA did not oppose the request. PGW's request remains pending at this time.

for all PGW residential customers. According to PGW, the program fills a gap by providing energy savings to the customers that do not qualify for PGW's Home Comfort weatherization program. *Petition* at 6. The second new program that PGW proposes for the DSM Phase IV Plan is a Small Business Assessments program. According to PGW, the Small Business Assessments program is intended to encourage PGW small business customers to use prescriptive rebate programs by (1) providing free walk-through energy assessments that recommend energy efficiency upgrades and (2) by providing a limited number of free and low-cost energy efficiency improvements. *Id.*

In its *Petition*, PGW projects that the budget for all seven of the above-mentioned programs will be \$2,477,238 in 2024, \$2,510,014 in 2025, and \$2,585,014 in 2026, for a total projected budget of \$7,572,267. *Id.* at 7. PGW projects that the program will save, on an annual basis, approximately 45,151 BBTus of natural gas in 2024, 46,788 BBTus of natural gas in 2025, and 46,788 BBTus of natural gas in 2026 for a total savings of 138,727 BBTus of natural gas during the proposed plan term. *Id.* at 8. From a cost-effectiveness standpoint, PGW claims that under the Total Resource Cost test, the DSM IV will have a combined present value of net benefits of \$15.72 million (in 2023 dollars). *Id.* at 9.

On July 6, 2023, the OCA filed an Answer to PGW's DSM Phase IV Plan. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) filed a *Petition to Intervene* on July 6, 2023. On July 10, 2023, the Office of Small Business Advocate (OSBA) filed a Notice of Intervention and Public Statement. Tenant Union Representative Network (TURN) filed a *Petition to Intervene* on July 26, 2023.

PGW's DSM Phase IV Plan was assigned to the Office of Administrative Law Judge and further assigned to Administrative Law Judge F. Joseph Brady (ALJ Brady) for investigation. On

August 3, 2023, ALJ Brady issued a Prehearing Conference Order. A telephonic Prehearing Conference will be held on August 16, 2023, at 10:00 a.m.

II. Issues

Based upon a preliminary analysis of PGW's filing, the OCA has compiled a list of issues and sub-issues, which it anticipates will be included in its investigation of the filing. It is anticipated that other issues may arise and may be pursued during the course of these proceedings.

The following list sets forth the issues at this time that the OCA anticipates it will examine:

(1) Whether PGW's DSM Phase IV Plan should be continued beyond the sunset date of August 2026, and if it is to continue, whether it should continue beyond 2026 in the form of a triennial Plan;

(2) Whether PGW's DSM Phase IV Plan is cost-effective, just and reasonable and consistent with the law. This evaluation must include an examination of PGW's proposed administrative costs that exceed 26% of the projected total costs and almost 50% of the projected customer incentives;

(3) Whether changes are necessary to the proposed tracking, measurement, verification, and reporting tools developed to analyze and to report the effectiveness of the programs; and

(4) Whether PGW will provide adequate customer education about energy conservation in the DSM Phase IV Plan

The OCA specifically reserves the right to raise additional issues as may be necessary.

III. Witnesses

The OCA will present the direct, rebuttal and surrebuttal testimony, as may be necessary, in this proceeding. At this time, the OCA is in the process of selecting the expert witness(es) it intends to present in this case. As soon as the OCA has selected its witness(es), the Administrative Law Judge and all parties of record will be notified.

IV. Service on the OCA

The OCA will be represented in this case by Assistant Consumer Advocate Gina L. Miller and Senior Assistant Consumer Advocate Darryl A. Lawrence. Electronic copies of all documents should be served on the OCA as follows:

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Darryl A. Lawrence
Senior Assistant Consumer Advocate
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dlawrence@paoca.org

V. Discovery

The OCA does not propose any discovery rule modifications at this time; however, the OCA reserves the right to propose modifications pending the adoption of a litigation schedule in this case.

VI. Settlement

The OCA will participate in settlement discussions with the Company and other parties.

VII. Schedule

The OCA will work with all parties to develop a mutually agreeable procedural schedule.

Respectfully Submitted,

/s/Gina L. Miller
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DATE: August 15, 2023
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