



COMMONWEALTH OF PENNSYLVANIA

May 15, 2015

E-FILED

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
PO Box 3265
Harrisburg, PA 17105-3265

**Re: Energy Efficiency and Conservation Program Phase III
Docket No. M-2014-2424864**

Dear Secretary Chiavetta:

I am delivering for filing today the Reply Comments on the Proposed Tentative Implementation Order, on behalf of the Office of Small Business Advocate, in the above-captioned matter.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney ID #306921

Enclosures:

Cc: Robert D. Knecht
Megan Good
Kriss Brown

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Energy Efficiency and Conservation Program : **Docket No. M-2014-2424864**
:

**REPLY COMMENTS OF THE OFFICE OF SMALL BUSINESS ADVOCATE
TO THE TENTATIVE IMPLEMENTATION ORDER**

I. INTRODUCTION

At the public meeting held March 11, 2015, the Pennsylvania Public Utility Commission (“Commission”) issued a “Tentative Implementation Order” in the above-captioned matter seeking comments from interested stakeholders on the Commission’s proposed required consumption and peak demand reductions for each electric distribution company (“EDC”) as well as guidelines for implementing Phase III of the energy efficiency and conservation program. The Tentative Implementation Order directed comments from interested parties to be filed within 30 days and reply comments within 45 days of its publication in the *Pennsylvania Bulletin*. On March 28, 2015, the Tentative Implementation Order was published accordingly. The Office of Small Business Advocate (“OSBA”) timely submitted comments on April 27, 2015, pursuant to the Tentative Implementation Order. Comments were also submitted by various other interested parties. On May 1, 2015, the deadline for submitting reply comments was extended until May 15, 2015. The OSBA submits the following reply comments to certain points raised by other parties.

II. REPLY COMMENTS

A. Demand Reduction Programs

1. In response to the comments submitted by the “Demand Response Supporters,” the OSBA notes that the alleged failures of the SWE’s TRC calculation appear to relate only to the Residential demand response calculations. Therefore, even if these issues were “corrected” as recommended by the Demand Response Supporters, it does not support *commercial* DR programs.

2. Moreover, given the truncated nature of this proceeding and the inability of parties to contest the assertions of the Demand Response Supporters in a litigation setting, the OSBA is bound to accept the findings of the SWE, which presumably has no financial interest in the debate on whether DR programs should be expanded, whereas the Demand Response Supporters presumably do have such an interest.

B. Government, Educational and Non-Profit (“G/E/NP”) Carve-out

3. At pp. 32-33 of their comments, the First Energy Companies argue that the G/E/NP carve-out is disproportional and should be revised. The OSBA agrees that this is a legitimate point, namely that the carve-out fails to reflect the very large differences among EDCs in what the SWE has determined is the potential for G/E/NP load reduction. The Commission has determined that the G/E/NP share of the overall EDC potential commercial savings ranged from 3.5% to 10.4% and thus proposed an across the board minimum of 3.5%. First Energy’s proposal appears to be more reasonable, in that it does not require EDCs with a low ratio to essentially achieve 100% of the SWE potential G/E/NP reduction.

4. First Energy’s proposal also appears to be conceptually consistent with the OSBA’s comments, which argued that subsidies to G/E/NP customers should not be

disproportionate to the G/E/NP share of load. Thus, as First Energy points out, for those EDCs that have more rural load and relatively smaller G/E/NP sectors, the EE&C spending should be proportionally lower. Therefore, the OSBA supports First Energy's proposal with respect to the G/E/NP carve-out, while retaining our overall recommendation that G/E/NP share of EE&C spending not be disproportionate to G/E/NP share of commercial load.

5. In contrast, the OSBA disagrees with other parties' recommendations that the G/E/NP carve-out should be increased above 3.5%. Such recommendations to increase the target would essentially require that some EDCs achieve savings greater than what the SWE has identified as the potential. Adopting higher targets would result in Commission fines imposed on certain EDCs for not achieving something the SWE said they could not achieve.

6. The OSBA also must disagree with CAUSE-PA's recommendation that the G/E/NP sector targets should be maintained at 10% with a minimum of 3% achieved from affordable multi-family housing buildings which serve low-income households. The OSBA does not object to the Commission's recommendation that the successful multi-family housing programs already in place should be continue into Phase III and supports the establishment of a working group on this issue to develop pilot programs. However, the OSBA objects to specific carve-outs with minimum savings levels, without evidence to support this recommendation.

C. Reconciliation of Costs

7. The Commission's Tentative Implementation Order at pp. 117-120 proposes a that Phase III Plan rates be adjusted and reconciled annually to reflect over- and under-collection balances, with symmetrical interest at the legal rate of six percent. The OSBA supports the comments of other parties that note that use of the legal rate of interest is inconsistent with the Commission's recommendation in a pending rulemaking for a market-based interest rate to be

used in automatic adjustment clauses. *See Proposed Rulemaking for Automatic Adjustment Clauses Related to Electric Default Service*, Docket No. L-2014-2421001. Consistent with its comments in that rulemaking proceeding, the OSBA recommends a symmetrical, market-based interest rate for reconciliation of Phase III Plan costs.

III. CONCLUSION

In view of the foregoing, the OSBA respectfully requests that the Commission issue a Final Implementation Order consistent with the OSBA's initial comments as well as the reply comments above.

Respectfully submitted,



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For:

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