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September 9, 2020

Via Electronic Filing

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

Re: Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for
FY 2021-2023

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 for electronic filing please find Philadelphia Gas Works' ("PGW") Prehearing Memorandum with regard to the above-referenced matter. Copies to be served in accordance with the attached Certificate of Service.

Sincerely

/s/ Lauren M. Burge

Lauren M. Burge, Esq.

LMB/lww

cc: Hon. F. Joseph Brady w/enc.
Cert. of Service with enc.

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of PGW's Prehearing

Memorandum upon the persons listed below in the manner indicated in accordance with the requirements of 52 Pa. Code Section 1.54.

Via Email

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/s/ Lauren M. Burge

Lauren M. Burge, Esq.

Dated: September 9, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of Philadelphia Gas Works for	:	
Approval of Demand-Side Management	:	
Plan for FY 2021-2023	:	
	:	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
PHILADELPHIA GAS WORKS**

Philadelphia Gas Works (“PGW” or the “Company”) hereby submits this Prehearing Memorandum pursuant to 66 Pa. C.S. § 333 and the Prehearing Conference Order dated September 2, 2020.

I. PROCEDURAL HISTORY

On May 7, 2020, PGW filed its Demand Side Management (“DSM”) Program Implementation Plan for Fiscal Years 2021-2023. The Implementation Plan described program budgets and implementation details that PGW will follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2020 to August 31, 2023. This filing was made in accordance with the Commission’s November 1, 2016 Final Order in this docket approving PGW’s DSM Phase II Plan for Fiscal Years 2016 through 2020, including the provision authorizing the continuation of PGW’s DSM programming beyond FY 2020 through ongoing triennial update filings.

On June 5, 2020, the Office of Consumer Advocate (“OCA”) filed a Notice of Intervention. This matter was assigned to Administrative Law Judge F. Joseph Brady, and a

Telephonic Prehearing Conference Notice was issued on September 1, 2020 scheduling a Prehearing Conference in this matter on September 10, 2020.¹ A Prehearing Conference Order was subsequently issued on September 2, 2020.

On September 1, 2020, the Office of Small Business Advocate (“OSBA”) filed a Notice of Intervention, Public Statement, and Notice of Appearance. Also on September 1, 2020, the OCA filed a Notice of Appearance. On September 2, 2020, Petitions to Intervene were filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”) and the Tenant Union Representative Network (“TURN”).

II. STATUS OF PGW’S CURRENT DSM PROGRAM

The Prehearing Conference Order directs the parties to discuss whether PGW intends to file a Petition to Extend its current DSM program. PGW submits that, pursuant to prior PUC Order, it is not necessary for it to submit a Petition to Extend its existing DSM. As part of its DSM Phase II proceeding, the Commission approved PGW’s proposal that its Plan would continue beyond FY 2020, at its discretion, by the filing of ongoing triennial implementation plans. The triennial implementation plans were to contain program implementation details and modifications as well as recent program activities. In December, prior to the filing of PGW’s Triennial Implementation Plan, PGW filed an annual report which presented and discussed the result of DSM implementation for the Fiscal Year. Parties had the right to propose a termination of PGW’s DSM by filing such request 180 days in advance of the close of the fiscal year.² The need to ensure the ability to seamlessly implement DSM programming (if PGW elected to continue to do so) was an important element of its DSM II proposal that was designed to

¹ The Prehearing Conference was initially scheduled for September 9, 2020 pursuant to a Telephonic Prehearing Conference Notice issued on August 31, 2020. A second Telephonic Prehearing Conference Notice was subsequently issued on September 1, 2020, rescheduling the Prehearing Conference to September 10, 2020.

² Implementation Plan at 4.

eliminate the need for the Commission to continually approve future Plan modifications. This approach was designed to avoid customer confusion about rebate and grant availability, particularly for energy efficiency projects that have long lead times, in addition to promoting program efficiency and reducing costs.

The Commission's November 1, 2016 Order approving PGW's DSM Phase II Plan approved the plan subject to further comments and modification not relevant here. Importantly, the Commission did not modify the proposal to continue the DSM programs beyond FY 2020 by the filing of a triennial implementation update (subject to any party seeking a termination of DSM programming) and none of the intervenors objected to such continuation process. All of the current intervenors also participated in PGW's DSM Phase II proceeding.

PGW's May 7, 2020 Implementation Plan filing at issue here is the triennial implementation plan as contemplated by PGW's approved DSM II Compliance Plan. As explained above, the Commission has already authorized PGW's DSM programming to continue for the next triennial implementation period (at PGW's election) and no party has proposed a termination of PGW's DSM programming. As such the triennial implementation plan is currently being placed into effect as of September 1, 2020.

PGW recognizes that the Commission has the authority to send this matter to hearings and direct any necessary modifications to the plan on a going forward basis. However, in accordance with the continuation provision in its previously approved plan, the Commission has approved the continuation of PGW's DSM Phase II Plan beyond FY 2020. Therefore, PGW considers its plan (as modified by the Implementation Plan filing) to be in effect for the FY 2021-2023 period unless and until the Commission directs prospective modifications. Therefore, a Petition to Extend the current DSM program is not necessary or required.

III. DISCOVERY

Some parties have already engaged in informal discovery, and PGW is willing to continue the informal discovery process as necessary.

III. SETTLEMENT

PGW would support the settlement of any or all issues in this proceeding, and is committed to working with the parties to attempt to reach a resolution. PGW believes that it may be possible to settle this matter before proceeding with the litigation schedule. As such, in its proposed litigation schedule, PGW has included time for settlement discussions with the parties before the Company submits its direct testimony so the parties may work to resolve this matter as efficiently as possible. PGW will schedule a settlement conference with the parties as soon as practicable.

IV. ISSUES

Through its May 7, 2020 Implementation Plan filing, PGW detailed its continued DSM programming in FY 2021 through 2023 in order to support the deployment of high efficiency natural gas equipment and natural gas conservation efforts. PGW believes that continuing these efforts will result in benefits to PGW's customers, the Company, and the City as a whole. PGW has proposed limited modifications to its plan which reflect its experience implementing DSM programming over the last nine years. These modifications are intended to simplify the application process and make it less time consuming, and expand the offerings which have been most valuable and utilized by customers.

As explained in detail in PGW's May 7, 2020 Implementation Plan, the Company proposes to continue its previously approved DSM Phase II Plan, with the following modifications:

1. PGW will replace its Efficient Building Grants (“EBG”) and Efficient Construction Grants for commercial/multifamily customers (“CMCG”) programs, with an expanded Commercial Equipment Rebate program that offers uncomplicated rebates for the most common cost-effective measures that had been pursued in EBG and CMCG projects. The categories of equipment include heating equipment, water heating, building controls and distribution, commercial cooking, and commercial building envelope. PGW will also increase incentive amounts for some residential and commercial rebates, and increase efficiency requirements for some equipment.³
2. PGW will encourage comprehensive efficiency projects by increasing its per-project incentive cap based on the number of efficiency measure categories a commercial or multifamily project pursues. The total annual incentive cap per individual customer will be set to \$150,000 per year.⁴
3. PGW will implement an online Smart Thermostat Marketplace program to offer direct-to-consumer sales of smart thermostats, discounted to approximately \$30 to \$130 by instant rebates.⁵ This program will be available to all PGW customers, including homeowners and tenants.

The Company’s filing also includes budget and projected savings information,⁶ as well as PGW’s 2021-2023 Technical Reference Manual.⁷

³ Implementation Plan at 5-6.

⁴ Implementation Plan at 6.

⁵ Implementation Plan at 6-7.

⁶ Implementation Plan at 7-9.

⁷ Implementation Plan, Appendix D.

PGW submits that the plan to continue its DSM Phase II with the above modifications to improve efficiency and effectiveness is in the public interest and should be approved without modification.

V. WITNESSES

At this time, PGW anticipates submitting the testimony of the following witness(es). PGW reserves the right to add additional witnesses or change the identity of its witnesses at any time upon appropriate notice to the ALJ and the parties.

Denise Adamucci
Philadelphia Gas Works
800 W. Montgomery Ave.
Philadelphia, PA 19122

Topics: Proposed modifications to PGW’s DSM programming for FY 2021-2023

VI. PROPOSED LITIGATION SCHEDULE AND HEARING TIME NEEDED

PGW proposes the litigation schedule below for this proceeding. As noted above, this schedule provides sufficient time (approximately 45 days) for the parties to attempt to resolve this matter through settlement before the Company submits its direct testimony. Additionally, PGW believes that two days would provide adequate time for evidentiary hearings.

<u>Item</u>	<u>Proposed Schedule</u>
PGW Direct Testimony	October 23, 2020
Non-Company Direct Testimony	December 22, 2020
Rebuttal Testimony	January 21, 2021
Surrebuttal Testimony	February 5, 2021
Evidentiary Hearings/Rejoinder	February 10-11, 2021
Main Briefs	March 2, 2021
Reply Briefs	March 12, 2021

VII. SERVICE OF DOCUMENTS

PGW requests that all documents be served on:

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Craig W. Berry, Esq.
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PGW also agrees to receive service of documents electronically in this proceeding. To the extent that materials are available electronically, it is requested that copies be served upon:

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Respectfully Submitted,



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Dated: September 9, 2020

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