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August 15, 2023

Via Electronic Filing

Rosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Philadelphia Gas Works for Approval of Demand Side Management Plan for FY 2016-2020 and 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

Enclosure

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

CERTIFICATE OF SERVICE

I hereby certify that this day I served a copy of the foregoing **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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Lauren M. Burge

Lauren M. Burge, Esq.

Dated: August 15, 2023

**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
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 August 3, 2023.

I. PROCEDURAL HISTORY

On March 15, 2023, PGW held a collaborative meeting with interested parties to review its upcoming Demand Side Management (“DSM”) Program filing and solicit input, pursuant to the Pennsylvania Public Utility Commission’s (“Commission”) May 6, 2021 Order approving PGW’s DSM Program for Fiscal Years 2021-2023 (“FY21-23 Plan” or “Phase III”) in the above-referenced docket.

On June 16, 2023, PGW filed its DSM Program Implementation Plan for Fiscal Years 2024-2026 (“FY24-26 Plan” or “Phase IV”). The FY24-26 Plan described program budgets and implementation details that PGW will follow to implement its EnergySense Demand-Side Management Portfolio from September 1, 2023 to August 31, 2026. 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 July 5, 2023, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed a Petition to Intervene and Answer in response to PGW's FY24-26 Plan.

On July 6, 2023, the Office of Consumer Advocate ("OCA") filed an Answer to PGW's FY24-26 Plan.

On July 10, 2023, the Office of Small Business Advocate ("OSBA") filed a Notice of Intervention, Public Statement, and Notice of Appearance.

On July 26, 2023, Tenant Union Representative Network ("TURN") filed a Petition to Intervene.

On July 27, 2023, PGW filed a letter proposing to delay implementation of the FY24-26 Plan and instead maintain its currently effective FY21-23 Plan until it receives Commission approval to implement the FY24-26 Plan.

On August 14, 2023, the Philadelphia Industrial and Commercial Gas Users Group ("PICGUG") filed a Petition to Intervene.

This matter was assigned to Administrative Law Judge F. Joseph Brady, and a Telephonic Prehearing Conference Notice was issued on August 3, 2023 scheduling a Prehearing Conference in this matter on August 16, 2023. A Prehearing Conference Order was also issued on August 3, 2023.

II. STATUS OF PGW'S CURRENT DSM PROGRAM

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. PGW's FY24-26 Implementation Plan filing at issue here is the triennial implementation plan as contemplated by PGW's approved DSM II Compliance Plan.

Pursuant to prior Commission orders, the FY24-26 Plan was scheduled to go into effect as of September 1, 2023. However, as explained in PGW's letter filed on July 27, 2023, the new programming included in the FY24-26 Plan will require significant investment by PGW to implement, including issuing RFPs, website development and handling other IT buildout, etc. Given that this plan has been referred to ALJ Brady for hearings, PGW is concerned that it may spend significant resources to implement these plan changes when further modifications may be required by any final order in this proceeding. For this reason, PGW has proposed to continue its current DSM programming under the FY21-23 Plan until a final order is issued approving implementation of the FY24-26 Plan. The active parties in this proceeding have indicated that they do not oppose PGW's proposal.

III. DISCOVERY

As noted above, PGW met with the parties prior to filing the FY24-26 Plan to provide an overview of the filing and solicit input. The Company has not yet received discovery requests from the parties, but is willing to engage in either informal or formal discovery as necessary. At this time, PGW does not believe any modifications to the standard discovery rules are warranted.

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.

IV. ISSUES

Through its June 16, 2023 Implementation Plan filing, PGW detailed its continued DSM programming in FY 2024 through 2026 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 twelve years.

As explained in detail in PGW's June 16, 2023 Implementation Plan, the Company proposes to continue its previously approved DSM Phase III Plan (the FY21-23 Plan), with the following modifications:

1. PGW will provide updated rebates and expanded offerings. The Company will adjust some incentive amounts for residential and commercial rebates, and increase efficiency requirements for some equipment. These changes are necessitated by challenges encountered during Phase III (FY21-23), including inflationary pressures and supply chain issues. PGW will also launch new prescriptive offerings for residential and commercial measures, including incentives for Residential Roof Insulation and Commercial Variable Refrigerant Flow ("VRF") Natural Gas Heat Pumps, and an incentive for new residential

multifamily construction projects as part of the Residential Construction Grants program.¹

2. PGW will implement EnergySense Kits (“ESK”), a program that will help customers save energy and money by providing simple energy-saving measures that can be self-installed. Participation will be free for all PGW residential customers.²
3. PGW will implement Small Business Assessments, a program to encourage PGW small business customers to take advantage of the prescriptive rebate programs by providing free walkthrough energy assessments that recommend energy efficiency upgrades.³

The Company’s filing also includes budget and projected savings information,⁴ as well as PGW’s 2024-2026 Technical Reference Manual.⁵

PGW submits that the plan to continue its DSM Phase III 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.

¹ FY24-26 Implementation Plan at 5.

² FY24-26 Implementation Plan at 6.

³ FY24-26 Implementation Plan at 6.

⁴ FY24-26 Implementation Plan at 7-9.

⁵ FY24-26 Implementation Plan, Appendix D.

Denise Adamucci
Philadelphia Gas Works
800 W. Montgomery Ave.
Philadelphia, PA 19122
Topics: Proposed modifications to PGW’s DSM programming for FY 2024-2026

Theodore M. Love
Green Energy Economics Group, Inc.
147 South Oxford St.
Brooklyn, New York
Topics: Historical performance of PGW’s DSM and proposed modifications for
FY 2024-2026

VI. PROPOSED LITIGATION SCHEDULE AND HEARING TIME NEEDED

PGW proposes the litigation schedule below for this proceeding. PGW believes that two days would provide adequate time for evidentiary hearings.

| <u>Item</u> | <u>Proposed Schedule</u> |
|--------------------------------|---------------------------------|
| PGW Direct Testimony | September 27, 2023 |
| Non-Company Direct Testimony | November 13, 2023 |
| Rebuttal Testimony | December 14, 2023 |
| Surrebuttal Testimony | January 11, 2024 |
| Evidentiary Hearings/Rejoinder | January 17-18, 2024 |
| Main Briefs | February 20, 2024 |
| Reply Briefs | March 12, 2024 |

VII. SERVICE OF DOCUMENTS

PGW requests that all documents be served on:

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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:

Karen O. Moury – kmoury@eckertseamans.com
Lauren M. Burge – lburge@eckertseamans.com

Respectfully Submitted,

/s/ Lauren M. Burge

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Dated: August 15, 2023

Counsel for Philadelphia Gas Works