

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY COMPANY :
FOR APPROVAL OF ITS ACT 129 ENERGY :
EFFICIENCY AND CONSERVATION PLAN : Docket No. M-2009-2093215
AND EXPETITED APPROVAL OF ITS :
COMPACT FLUORESCENT LAMP PROGRAM :

**PREHEARING MEMORANDUM
OF THE REINVESTMENT FUND**

The Reinvestment Fund (“TRF”) respectfully submits this prehearing memorandum in the above-captioned matter.

Background

1. On July 1, 2009, PECO Energy Company (“PECO”) filed with the Pennsylvania Public Utility Commission (“Commission”) a petition for approval of its Act 129 Energy Efficiency and Conservation Plan (“the PECO plan” contained in Volume II of the filing). This petition and its accompanying plan were submitted by PECO pursuant to the mandate of Act 129 of 2008 (codified at 66 Pa.C.S.A. § 2806.1) and pursuant to the Implementation Order entered by the Commission on January 16, 2009 at Docket No. M-2008-2069887.

2. Act 129 requires the Pennsylvania electric distribution companies (“EDCs”) to develop and implement an energy efficiency and conservation plan that reduces the total annual weather-normalized consumption of the retail customers by a minimum of 1% as of May 31, 2001, and further reduces consumption by a minimum of 3% by May 31, 2013. 66 Pa.C.S.A. §2806.1(c)(1) and (2). A minimum of 10% of these consumption reductions are to come from

customers who are government entities (federal, state and local), educational entities (school districts and institutions of higher education) and nonprofit entities. 66 Pa.C.S.A.

§2806.1(b)(1)(i)(B). The EDCs' plans must also include specific energy efficiency measures for households at or below 150% of the Federal poverty income guidelines in proportion to those households' share of the total energy usage in the service territory. 66 Pa.C.S.A.

§2806.1(b)(1)(i)(G).

3. Act 129 also requires the EDCs to reduce the annual system peak demand in the 100 hours of highest demand by a minimum of 4.5% by May 31, 2013. 66 Pa.C.S.A. §2806.1(d).

4. To meet the consumption and peak demand reduction goals of Act 129, PECO submitted a plan that contains ten energy efficiency and conservation programs and eight demand reduction programs. PECO's petition also proposes a surcharge mechanism to recover the costs of the plan as provided for in 66 Pa.C.S.A. §2806.1(k). The petition also requests expedited approval of the compact fluorescent lamp program.

Issues in this Proceeding

5. TRF congratulates PECO on conducting a very open stakeholder process for developing their energy efficiency and conservation plan. They brought together representatives of a wide-ranging group of stakeholders and interests and facilitated an effective collaborative effort. Many of the recommendations of the stakeholders were incorporated into the PECO plan.

6. TRF supports the eighteen energy efficiency and demand reduction programs that are contained in the PECO plan. We believe this is a comprehensive and balanced set of programs capable of meeting the consumption and peak demand reduction goals of Act 129. TRF urges the Commission to approve these eighteen programs as submitted.

7. TRF supports PECO's request for expedited approval of its compact fluorescent program. We see benefit in being able to join the national CFL program that the U.S. Department of Energy and the U.S. Environmental Protection Agency will be conducting in October 2009.

8. TRF has two issues that it believes should be addressed in this proceeding: following:

a. First, the PECO plan makes only a vague and inadequate commitment to continue to work with the stakeholder group throughout the implementation of the plan. On page 193 of the PECO plan, PECO states it "...will communicate changes to Stakeholders at its quarterly stakeholder meetings." There is no other mention of the frequency of the stakeholder meetings in the PECO plan or the testimony that accompanied the plan. TRF believes that the plan should explicitly commit PECO to maintain the active involvement of the stakeholder group throughout the implementation of the plan. In addition to committing to stakeholder meetings on a quarterly basis and additional communications with stakeholders as appropriate, the PECO plan should be amended to explicitly state that the stakeholder group will be used for the review of and consultation about the following matters:

- the draft RFPs for selecting the conservation service providers and contractors that will be implementing the plan;
- the bids and proposals from contractors seeking to become CSPs;
- the draft workplans in the CSP contracts;
- monthly CSP reports and other program and plan metrics;
- any proposed changes in the workplans of the CSP contracts or the overall plan;
- any proposed changes in the budgets of the CSP contracts or the overall plan;

- the proposed program promotion materials and program materials (including print, website, radio and television spots) and public education materials about education (including print, website, radio and television spots);
- the proposed evaluation plans, evaluator contract work plans and draft evaluation reports; and,
- any other issues where the expertise and opinions of the stakeholders are valuable.

Because the value of the PECO plan is only as good as its implementation, TRF believes this proceeding should address and strengthen the ongoing role of the stakeholder group throughout the implementation of the plan and its programs.

b. Second, the PECO plan fails to adequately address the need customers have for financing the energy efficiency and conservation measures above and beyond the modest rebates provided by the proposed programs. Chairman Cawley and Commissioner Gardner, in a Joint Statement issued at the time of the Implementation Order, noted:

In order to achieve lasting efficiency gains, it may be necessary for some customers to invest significant amounts of capital in their homes, apartments or small businesses – capital they may not have at hand. To eliminate this financial barrier, we strongly encourage EDCs to support, design and implement a statewide program similar to Keystone HELP. Joint Statement, page 1.

They went on to add:

[w]e strongly encourage the EDCs, EAPA, PA Treasury, AFC Financial, PA Home Energy, sustainable energy funds/economic development funds and other interested stakeholders to work collaboratively to develop such programs prior to July 1, 2009. Joint Statement, page 2.

As PECO acknowledges in its filing, several stakeholders (including TRF) requested PECO to include a financing program in the plan. However, PECO declined to do so, stating that “it simply was not a viable option.” PECO Statement No. 1, Frank Jiruska, pages 25-26.

Mr. Jiruska referenced the Keystone Home Energy Loan Program in his testimony, but this

program is available to homeowners only. The PECO plan provides no opportunities to businesses, nonprofit organizations, government entities and educational entities to finance the implementation of energy efficiency and conservation measures.

TRF believes this proceeding needs to address Chairman Cawley's and Commissioner Gardner's call for a "sustainable source of low-cost capital" that customers can use to finance the costs of energy efficiency and conservation measures beyond the rebates provided in the PECO plan.

Witnesses

9. If appropriate, TRF may present a witness to propose a financing program as called for in the Joint Statement of Chairman Cawley and Commissioner Gardner. This witness would be Don Hinkle-Brown, President for Lending and Community Investments at The Reinvestment Fund.

Schedule

10. TRF accepts the schedule for the proceeding contained in paragraph 7 of the Prehearing Conference Order issued by Judge Chestnut on July 1, 2009.

Respectfully submitted,

A handwritten signature in blue ink that reads "Roger E. Clark". The signature is written in a cursive style and is positioned above a horizontal line.

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