



CITY OF PHILADELPHIA

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June 22, 2012

Via Overnight Delivery

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
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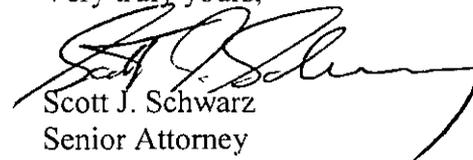
Re: Act 129 Energy Efficiency and Conservation Program
Docket No. M-2012-2289411

Dear Secretary Chiavetta:

Enclosed please find an original and three copies of The City of Philadelphia's comments on the tentative implementation order.

If you have any questions, please contact me.

Very truly yours,


Scott J. Schwarz
Senior Attorney

Enclosures

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Act 129 Energy Efficiency and Conservation Program Phase Two

Docket Number M-2012-2289411

**COMMENTS ON THE TENTATIVE IMPLEMENTATION ORDER OF
THE CITY OF PHILADELPHIA**

1. On May 10, 2012, the Public Utility Commission (Commission) adopted a Tentative Implementation Order on the Commonwealth of Pennsylvania Energy Efficiency and Conservation (EE&C) Program. The Commission directed the interested parties file comments by June 25, 2012.

2. The City of Philadelphia (City) filed timely comments on the Act 129 EE&C program Phase Two in response to the Secretarial Letter dated March 1, 2012. In those comments the City addressed many issues of concern. The City is pleased that the Tentative Implementation Order reflects many of the City's comments. The comments to the Tentative Implementation Order address only those issues the City believes are of the highest priority in establishing an effective Phase Two Program.

3. Peak Demand Programs. The City does not believe that all peak demand programs should be discontinued in Phase Two. The City understands the Commission's concerns about the need to evaluate the result of the Phase One peak demand initiatives. However, the City believes, in particular, it is counter-productive to end support of the air conditioning direct load control programs for residential and commercial customers. These programs have been effective in reducing peak loads in many other states, and the evaluations of those similar programs combined with preliminary evaluations of the Pennsylvania programs should be sufficient to determine their effectiveness.

In addition, the City believes that the evaluation of the remaining Phase One peak load programs can be accomplished in a manner which would allow for the continuation and modification of other peak load initiatives in Phase Two. The programs that are shown to be clearly cost-effective should be continued as soon as the evaluations are completed. In the Final

Implementation Order the Commission should allow for the continuation of those successful programs with such modifications as the Commission deems appropriate to improve their effectiveness.

The City believes that funding for peak demand programs should be collected during Phase Two. If certain peak load programs are dropped, those collected funds should be shifted to provide funding for energy consumption reduction programs. Priority could be given to measures that permanently reduce peak loads as well as reduce electricity consumption.

4. Carve-Out for Government, Educational and Nonprofit Entities. The City supports the Commission's statement that a 10% carve out should be maintained in Phase Two. The City also supports including measures targeting multi-family housing. However, the addition of certain multi-family facilities to the carve-out may be complicated. Many multi-family facilities owned by governments and non-profits have individually metered residential customer accounts. EDCs should be mindful to avoid cross-subsidies of residential customers from the commercial customer classes.

5. On-Bill Financing. The City agrees with the Commission that further exploration of on-bill financing is necessary. The City believes that on-bill financing may be particularly helpful in assisting difficult to reach customers like small businesses. The City further believes that pending further Commission investigation, a pilot project may be helpful in better understanding some of the benefits and challenges of on-bill financing. The City is particularly concerned that some customers may have difficulty in making on-bill financing payments and could be at risk of losing utility service as a result.

6. Accumulated Saving in Excess of Reduction Requirements. The City supports the Commission's proposal to allow EDCs to accrue and use savings in excess of the Phase I targets to meet Phase Two consumption reduction targets.

7. Application of Excess Phase I Budget. The City supports the Commission's proposal that the Phase Two budgets not be reduced by the savings carried over from Phase One, and that the EDCs retain the full Phase Two budgets and provide EE&C programs throughout the course of Phase Two.

Dated: June 22, 2012

Respectfully submitted,


Scott Schwarz
Senior Attorney, City of Philadelphia

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