

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

**Re: Petition of PECO Energy Company for Approval of its Act 129 Phase 111  
Energy Efficiency and Conservation Plan;  
Docket No, M-2015-2515691**

Dear Secretary Chiavetta:

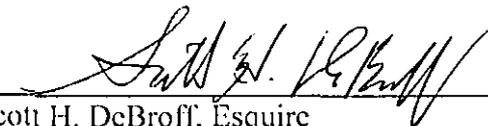
Please find attached for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the **Pre-Hearing Memorandum of Nest Labs, Inc.** ("Nest"), in the above-referenced matter.

This document was filed electronically with the Commission on this date. All parties are being served a copy of this document in accordance with the enclosed Certificate of Service.

Please contact me if you have any questions concerning this filing.

Sincerely,

TUCKER ARENSBERG, PC

By:   
Scott H. DeBroff, Esquire

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Enclosure

cc: Administrative Law Judge Angela T. Jones (via E-mail and First-Class Mail)  
Administrative Law Judge Darlene Heep (via E-mail and First-Class Mail)  
Certificate of Service

HBGDB:155016-1 030988-173437

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of PECO Energy Company  
For Approval of its Act 129 Phase III  
Energy  
Efficiency and Conservation Plan

DOCKET NO. M-2015-2515691

PREHEARING MEMORANDUM  
OF  
NEST LABS, INC.

SCOTT H. DEBROFF, ESQUIRE

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DATED: JANUARY 4, 2015

COUNSEL FOR NEST LABS, INC.

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Petition of PECO Energy Company  
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PREHEARING MEMO

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TO ADMINISTRATIVE LAW JUDGES ANGELA JONES & DARLENE HEEP:

AND NOW COMES **Scott H. DeBroff**, Esquire of **Tucker Arensberg, PC**, on behalf of his client, **Nest Labs, Inc.** ("Nest"), and respectfully submits the following Prehearing Memorandum in the above-captioned Energy Efficiency and Conservation Plan filing.

Founded in 2010, Nest Labs is dedicated to reinventing home products like the thermostat and smoke alarm to provide customers with simple, beautiful and thoughtful hardware, software and services helping them reduce energy consumption and keeping families comfortable and safe. Today, Nest products are sold in the United States, Canada, United Kingdom, Ireland,

France, Belgium, and the Netherlands, and are installed in more than 120 countries. Nest is a wholly-owned subsidiary of Google Inc. and is based in Palo Alto, California.

Nest manufactures the Nest Learning Thermostat, a smart thermostat equipped with sensors, Wi-Fi capability, and processors, to help customers consume less energy: it learns their preferences, adjusts the temperature when the house is empty, and automatically lowers AC runtime when humidity conditions permit, helping people lower their energy use without sacrificing comfort. Nest is designed to enable “Do It Yourself” installation, and to date the majority of Nest Learning Thermostat customers have done the installation themselves, most in under 30 minutes.<sup>1</sup> Nest also provides service offerings for utilities to help address load management needs similar to those required under Act 129.

Nest’s interest in this proceeding is that smart thermostats such as the Nest Learning Thermostat could be, and in our view should be, a measure used by utilities to achieve their goals in Phase III of Act 129.

A telephonic Prehearing Conference will be held on **Tuesday, January 12, 2016** at 2:00 p.m., as the ALJs assigned to this proceeding are based in the Philadelphia, Pennsylvania office. Nest will be represented by Scott H. DeBroff, Esquire in this proceeding. All correspondence regarding this case should be directed to Mr. DeBroff as follows:

**SCOTT H. DEBROFF, ESQUIRE**

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<sup>1</sup> Statistics derived from Nest customer surveys.

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## **I. INTRODUCTION**

Act 129 of 2008 (“the Act” or “Act 129”) was signed into law on October 15, 2008, and became effective on November 14, 2008. Among other objectives, the Act created an Energy Efficiency & Conservation (EE&C) Program, codified in the Pennsylvania Public Utility Code at Sections 2806.1 and 2806.2, 66 Pa. C.S. §§ 2806.1 and 2806.2. This initial program required an Electric Distribution Company with at least 100,000 customers to adopt an EE&C Plan, approved by the Commission, to reduce electric consumption by at least one percent (1%) of its expected consumption for June 1, 2009 through May 31, 2010. By May 31, 2013, consumption was to be reduced by a minimum of three percent (3%). Also, by May 31, 2013, peak demand was to be reduced by a minimum of four-and-a-half percent (4.5%) of the EDC’s annual system peak demand in the 100 hours of highest demand, measured against the EDC’s peak demand during the period of June 1, 2007 through May 31, 2008. By November 30, 2013, and every five years thereafter, the Commission was to assess the cost-effectiveness of the EE&C Program and set additional incremental reductions in electric consumption if the EE&C Program’s benefits exceed its costs.

At its June 11, 2015 Public Meeting, the Commission adopted its Phase III Implementation Order. With its Phase III Final Implementation Order, the Commission adopted additional reductions in electricity consumption and peak demand for the period of June 1, 2016 through May 31, 2021. On November 30, 2015, the EDCs each filed their Phase III Implementation Plans with the Commission.

Nest intends to comment upon PECO’s Implementation Plan.

## **II. HEARING AND BRIEFING SCHEDULE**

A substantial Hearing and Briefing Schedule has been established by the ALJs in this docket and *Nest* will cooperate with other parties in the event of changes or modifications to this procedural schedule.

This case is being litigated at an extremely expedited basis. The date for the evidentiary hearing has been set for **Tuesday, February 2, 2016** and will not be changed. The record in this case will be compiled and certified to the Commission's Office of Special Assistants for decision. The dates for this litigation will be as follows unless the parties agree upon an alternative but acceptable schedule:

Publication of Notice of Filing	December 12, 2015
<b>Due Date for Answers, Comments &amp; Recommendations</b>	January 4, 2016
Prehearing conference	January 12, 2016
Evidentiary hearing	February 2, 2016
Initial Briefs due	February 12, 2016
PECO Reply Comments and/or Revised Plan	February 22, 2016
Commission Order	March 24, 2016

### **III. ISSUES**

The following list represents Nest's present determination of the potential major issues in this case. The listing is as complete as can be made by Nest at this time. Nest specifically reserves the right to address other issues as it deems appropriate when any such relevant issues arise. Our present list of potential issues is as follows:

1. Nest will detail several best practices from other leading utilities.
2. Nest will highlight the opportunity to expand the portion of customers benefitting from the smart thermostat technology through the measure's inclusion in low-income programs.
3. Nest will outline how a PECO pilot can effectively leverage its installed base of smart thermostats to achieve a portion of its demand response targets as well as to learn the most effective outreach strategies for deploying the technology to low income customers.
4. Incentives for Smart Thermostats in the retail pathway should not be limited.
5. The utility's inclusion of Smart Thermostat component in Demand Response is appropriate.
6. Any Other Issues that may be revealed through Discovery in the Company's Act 129 Phase III Energy Efficiency & Conservation filing.

### **IV. WITNESSES**

Nest has examined the utility's filings and supporting testimony and has determined that there are potential issues that would be worthy of further discussion. It is currently expected that we may call our following expert witness from Nest without being limited thereto:

1.

**Mr. Richard H. Counihan**  
Head of Energy Regulatory and Government Affairs  
Nest Labs, Inc.  
3400 Hillview Ave.  
Palo Alto, CA 94304

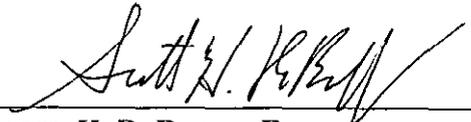
## **V. CONCLUSION**

Nest reserves the right to call additional witnesses or delete witnesses listed above. The above listing is provided without the benefit of complete discovery, or analysis of the positions of all parties to this proceeding. Prepared direct comments have been included in our Petition to Intervene and Initial Comments pleading and the potential exists that there will be additional live direct testimony that may be submitted by our Nest witness during these proceedings.

In addition to the direct testimony and the exhibits presented by Nest witnesses and the evidence adduced through cross-examination of the Company and other parties, Nest intends to rely upon the Company's filing, answers to data requests and interrogatories, annual reports and other documents submitted to the Commission, other relevant Commission filings, general financial market information sources and other public documents and reports.

Respectfully submitted,

Dated: January 4, 2015

By:   
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the following parties to this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by participant).

VIA E-MAIL & FIRST-CLASS MAIL

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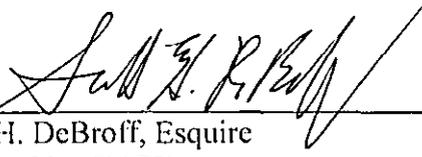
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Respectfully Submitted,



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January 4, 2016

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