

**PECO ENERGY COMPANY
STATEMENT NO. 7**

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v.

PECO ENERGY COMPANY – ELECTRIC DIVISION

DOCKET NO. R-2010-2161575

DIRECT TESTIMONY

WITNESS: FRANK J. JIRUSKA

SUBJECT: PECO'S ENERGY EFFICIENCY AND
CONSERVATION PLAN

DATED: MARCH 31, 2010

TABLE OF CONTENTS

	Page
1 I. INTRODUCTION AND PURPOSE OF TESTIMONY	1
2 II. PECO'S ENERGY EFFICIENCY AND CONSERVATION PLAN	3
3 III. CONCLUSION.....	8

1 I became PECO's Vice-President for Customer and Marketing Services in 2002. In
2 this position, I was responsible for managing PECO's call centers, its billing and
3 collection efforts, its meter reading, and large-account services.

4 Since 2003, I have been Director of PECO's Energy and Marketing Services
5 department. I am responsible for PECO's energy efficiency, conservation and
6 demand-side response programs, PECO's marketing efforts across all of its customer
7 segments, and customer service for PECO's large-commercial and industrial
8 customers. I am also responsible for the development and execution of PECO's Act
9 129 Energy Efficiency and Conservation Plan (the "EE&C Plan" or "Plan").

10 **3. Q. Mr. Jiruska, have you previously submitted testimony before the Pennsylvania**
11 **Public Utility Commission (the "Commission")?**

12 A. Yes. I submitted direct testimony in PECO's proceeding seeking Commission
13 approval of its EE&C Plan. *See Petition of PECO Energy Company for Approval of*
14 *its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its*
15 *Compact Fluorescent Lamp Program*, Docket No. M-2009-2093215. I have also
16 submitted testimony in Company proceedings related to PECO's Residential Real-
17 Time Pricing Program¹ and Default Service and Rate Mitigation Plan.²

18 **4. Q. What is the purpose of your direct testimony?**

¹ *Petition of PECO Energy Company for Approval of Phase I of its Residential Real-Time Pricing Program*, Docket No. P-2008-2032333.

² *Petition of PECO Energy Company for Approval of its Default Service Program and Rate Mitigation Plan*, Docket No. P-2008-2062739.

1 A. The purpose of my testimony is to describe the significant steps that PECO is taking
2 to comply with Act 129 of 2008 (“Act 129”) requirements related to energy
3 efficiency and demand reduction, as well as the estimated costs and cost recovery
4 mechanisms associated with PECO’s EE&C Plan.

5 **II. PECO’S ENERGY EFFICIENCY AND CONSERVATION PLAN**

6 **5. Q. Please describe Act 129’s energy efficiency and demand reduction requirements.**

7 A. Act 129’s energy efficiency provisions require each electric distribution company
8 (“EDC”) with at least 100,000 customers to adopt a plan that will achieve annual
9 consumption savings of at least 1% for its retail customer base by May 31, 2011 and
10 at least 3% by May 31, 2013. 66 Pa. C.S. § 2806.1(c). These reductions are to be
11 measured against the EDC’s forecasted customer consumption for the period June 1,
12 2009 through May 31, 2010. *Id.*

13 The Act’s demand reduction provisions require that each EDC with at least 100,000
14 customers reduce the average system peak demand for its retail customers in the 100
15 highest hours of demand by a minimum of 4.5% by May 31, 2013. 66 Pa. C.S. §
16 2806.1(d). This demand reduction is to be measured against the EDC’s average peak
17 demand for the 100 highest hours over the period June 1, 2007 through September 30,
18 2007. *Id.*

19 Beyond the overall energy efficiency and demand reduction requirements, Act 129,
20 and a Commission order interpreting the Act, contain additional directives related to
21 specific customer groups, plan administration and cost-effectiveness. *See generally*

1 66 Pa. C.S. § 2806.1; *Energy Efficiency and Conservation Program*, Docket No. M-
2 2008-2069887, *Implementation Order* (Order entered January 16, 2009).

3 **6. Q. Please briefly describe PECO's plan to address those requirements.**

4 A. Through a robust collaboration with multiple partners and stakeholders, PECO
5 developed a comprehensive plan to address Act 129 requirements that includes a
6 broad portfolio of programs, targeting all of the Company's customer segments. The
7 Commission approved PECO's EE&C Plan subject to certain revisions and the filing
8 of a revised Plan by PECO. *See Petition of PECO Energy Company for Approval of*
9 *its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its*
10 *Compact Fluorescent Lamp Program*, Docket No. M-2009-2093215 (Order entered
11 October 28, 2009) ("EE&C Order"). PECO filed a revised EE&C Plan pursuant to
12 the EE&C Order on December 23, 2009, and it was approved by the Commission in
13 its Order entered February 17, 2010.

14 As discussed in detail in PECO's revised Plan, PECO developed the following nine
15 programs to address energy efficiency requirements: (1) PECO's CFL Initiative³; (2)
16 the Low-Income Energy Efficiency Program; (3) the Residential Whole Home
17 Performance Program; (4) the Residential Home Energy Incentives Program; (5) the
18 Residential New Construction Program; (6) the Residential Appliance Pickup
19 Program; (7) the Commercial/Industrial Equipment Incentives Program; (8) the

³ PECO and other parties to the EE&C Proceeding filed a Joint Petition for Partial Settlement requesting expedited approval of the CFL Initiative which the Commission granted on August 18, 2009. *See Petition of PECO Energy Company for Approval of its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its Compact Fluorescent Lamp Program*, Docket No. M-2009-2093215 (Order entered August 18, 2009).

1 Commercial/Industrial New Construction Program; and (9) the
2 Government/Public/Non-Profit Facility Energy Savings Program.

3 The EE&C Plan also includes eight demand-reduction programs: (1) the Residential
4 Direct Load Control Program; (2) the Residential Super Peak Time-of-Use (“TOU”)
5 Program; (3) the Commercial & Industrial Direct Load Control Program; (4) the
6 Commercial & Industrial Super Peak TOU Program; (5) Demand Response
7 Aggregator Contracts; (6) the Distributed-Energy Resources Program; (7) the
8 Permanent Load Reduction Program; and (8) the Conservation Voltage Reduction
9 Program.

10 **7. Q. Does PECO have an estimate of the cost of the EE&C Plan incentives?**

11 A. Yes. The table below displays the actual incentive cost for 2009 and the total Plan
12 incentive costs for 2010-2012 based on the 2010 budget and 2011-2014 Long Range
13 Planning.

14 **Table 1. Total Cost of EE&C Plan Incentives (\$) ⁴**

2009	2010	2011	2012
1,100,000	42,273,149	50,611,393	59,410,847

15 **8. Q. How will the Plan implementation costs be recovered?**

16 A. As discussed in PECO’s revised Plan, the Company will recover the costs of its
17 EE&C Plan through an Energy Efficiency & Conservation Program Charge (“EEPC”)

⁴ Since the development of PECO’s 2010 budget, these projections have been modified pursuant to PECO’s revised EE&C Plan filed on December 23, 2009. PECO will update its testimony to reflect the modified projections and actual plan performance in subsequent testimony.

1 that will be imposed under Section 1307 of the Public Utility Code and will be
2 reconcilable and non-bypassable. The EEPC will be calculated separately for the
3 residential class, the small commercial/industrial class, the large
4 commercial/industrial class, and the municipal lighting class. The EEPC will not be
5 included in the price to compare.

6 **9. Q. Has PECO estimated the energy savings that will result from the**
7 **implementation of the EE&C Plan?**

8 A. Yes. The table below displays the actual annual energy savings for 2009 and the
9 expected annual energy savings for 2010-2012 based on the 2010 budget and 2011-
10 2014 Long Range Planning.

11 **Table 2. Total Energy Savings From EE&C Plan Implementation (kWh)⁵**
12

2009	2010	2011	2012
38,500,000	486,707,402	818,448,533	1,160,977,530

13 **10. Q. Has PECO estimated the overall value of the benefits generated by the**
14 **implementation of the EE&C Plan?**

15 A. Yes. PECO estimates that over 1 billion dollars of benefits will be generated as result
16 of implementing the EE&C Plan. Taking into account Plan costs, PECO estimates
17 that the Plan's net benefits will be over \$523 million. As required by the
18 Commission, PECO calculated these benefits using the Total Resource Cost Test.

⁵ Since the development of PECO's 2010 budget, these projections have been modified pursuant to PECO's revised EE&C Plan filed on December 23, 2009. PECO will update its testimony to reflect the modified projections and actual plan performance in subsequent testimony.

1 11. Q. What are the components of the benefits expected from the EE&C Plan?

2 A. The EE&C Plan benefits are comprised of avoided supply costs – *i.e.*, the reduction in
3 distribution, generation, capacity and transmission costs valued at marginal cost for
4 the load reduction period. The load reduction period for the EE&C Plan is fifteen
5 years.

6 12. Q. How can individual customers benefit from the EE&C Plan and its energy
7 saving programs?

8 A. The EE&C Plan offers a wide variety of tools and programs that can help customers
9 reduce their energy usage and achieve significant financial savings. In fact,
10 customers can achieve monthly bill savings that will offset PECO’s estimated average
11 monthly bill increase of \$8.20. The two examples below demonstrate that, even using
12 fairly simple measures, meaningful savings can be achieved by individual customers.
13 Even greater savings can be achieved if customers take advantage of additional
14 opportunities available under the EE&C Plan.

15 **Option 1: CFL Bulbs & Thermostat Adjustment**

16	No. of CFL Bulbs:	5
17	Customer Behavior:	Adjust Thermostat by 2 Degrees in Summer
18	Avg. Annual Post-2010 Bill Savings:	\$100.66
19	Avg. Post-2010 Monthly Bill Savings:	\$8.39
20		

