



COMMONWEALTH OF PENNSYLVANIA

September 9, 2020

**E-FILED**

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Petition of Philadelphia Gas Works for Approval of Demand-Side Management Plan for FY 2021-2023 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 filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-captioned proceeding. I respectfully request that a copy of any documents filed in this case also be shared with our witness at the address below:

Robert D. Knecht  
Industrial Economics, Inc.  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
[rdk@indecon.com](mailto:rdk@indecon.com)

Copies will be served on all known parties in this proceeding, as indicated on the attached Certificate of Service.

If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Sharon E. Webb

Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

cc: Robert D. Knecht  
Parties of Record

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Philadelphia Gas Works for** :  
**Approval of Demand Side Management Plan for** :  
**FY 2021-2023** :  
**And** : **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** :  
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**OFFICE OF SMALL BUSINESS ADVOCATE  
PREHEARING MEMORANDUM**

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**I. INTRODUCTION**

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business consumers of utility services before the Pennsylvania Public Utility Commission (“Commission”) pursuant to the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50 (“the Act”). In order to discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to this proceeding. Representing the OSBA in this matter is Assistant Small Business Advocate Sharon E. Webb.

Please address all correspondence as follows:

Sharon E. Webb  
Assistant Small Business Advocate  
Office of Small Business Advocate  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, Pennsylvania 17101  
(717) 783-2525  
(717) 783-2831 (fax)  
[swebb@pa.gov](mailto:swebb@pa.gov)

**II. FILING BACKGROUND**

Petition of Philadelphia Gas Works (“PGW” or “Company”) filed for Approval of Demand Side Management Plan for FY 2021-2023 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 that was filed with the Pennsylvania Public Utility Commission (“Commission”) on May 7, 2020. The OSBA filed a Notice of Intervention on September 1, 2020. The OSBA reviewing discovery in the proceeding and in its continuing review of the filing.

**III. IDENTIFICATION OF WITNESSES AND TENTATIVE ISSUES**

Assisting in the development and presentation of the OSBA’s case in this proceeding will be:

Mr. Robert D. Knecht  
Industrial Economics Incorporated  
2067 Massachusetts Avenue  
Cambridge, MA 02140  
(617) 354-0074  
(617) 354-0463 – Fax  
[rdk@indecon.com](mailto:rdk@indecon.com)

After an initial review of the materials submitted by PGW, the OSBA has identified the following issues:

1. Whether the Company’s avoided costs for gas including DRIPE, notably the space heating cost, are consistent with market expectations, upstream capacity costs, and Commission guidance for electric utility EE&C program assumptions;

2. Whether the overhead rate for the programs, measured either by the ratio of portfolio-wide costs to program costs (44 percent) or the ratio of administration/marketing to incentives (76 percent) is excessive and unreasonable;
3. Whether the sharing of costs for commercial programs between the beneficiary participants and the non-participating ratepayers reasonably reflects the benefits earned by the participants from reduced gas bills, particularly in light of the extremely favorable TRC revenue-cost ratio for the Commercial Equipment Rebates program;
4. Whether the specific assumptions for individual pieces of equipment, notably incremental measure costs, savings rates and equipment life, are reasonable;
5. Any other issues that may arise during the course of the OSBA's review of the Company's filing that affect small business customers.

The OSBA will participate in the case to assure that the interests of small business customers of PGW are adequately represented and protected.

As appropriate and necessary, the OSBA will investigate and analyze the claims and proposals of the Company and other parties through discovery, through the cross-examination of witnesses appearing for those parties, through the filing of testimony, and through briefing. The OSBA will particularly focus on any issue where the impact on the interests of the Company's small business consumers would be unjustifiably different than, or disproportionate to, the impact on another class of customers, or otherwise lacking in reasonableness or basic fairness. The OSBA reserves the right to pursue additional issues as they arise throughout the proceeding.

#### **IV. SERVICE OF DOCUMENTS**

In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept electronic mail delivery of documents on the due date<sup>a</sup> as satisfying the in-hand requirement. In accordance with 52 Pa. Code § 1.54(b)(3)(i), the OSBA agrees to accept email delivery of documents on the due date<sup>b</sup> as satisfying the in-hand requirement. The OSBA requests that such email delivery of documents is also provided to its witness, identified above.

In addition to email copies of pleadings, briefs, and exceptions, the OSBA requests email copies of responses to discovery propounded by the OSBA or any other party. The OSBA also requests that all parties serve an electronic copy of all interrogatory responses upon the OSBA and the OSBA witness, identified above.

#### **V. SETTLEMENT**

The OSBA notes its willingness to enter into settlement discussions at the appropriate phase of this proceeding.

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<sup>a</sup> In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

<sup>b</sup> In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

**VI. HEARING AND BRIEFING SCHEDULE**

The OSBA will cooperate with the other parties to develop a procedural schedule.

Respectfully submitted,

/s/ Sharon E. Webb

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Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995

For:

John R. Evans  
Small Business Advocate

Office of Small Business Advocate  
555 Walnut Street, 1<sup>st</sup> Floor  
Harrisburg, PA 17101

Dated: September 9, 2020

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Petition of Philadelphia Gas Works for** :  
**Approval of Demand Side Management Plan for** :  
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**and Energy Conservation Plan for 2014-2016** :  
**52 Pa. Code §62.4 – Request for Waivers** :  
:

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing have been served via email (*unless other noted below*) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

The Honorable F. Joseph Brady  
Administrative Law Judge  
Pennsylvania Public Utility Commission  
801 Market St, Suite 4063  
Philadelphia, PA 19107  
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DATE: September 9, 2020

/s/ Sharon E. Webb

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Sharon E. Webb  
Assistant Small Business Advocate  
Attorney ID No. 73995