



COMMONWEALTH OF PENNSYLVANIA

January 2, 2026

E-FILED

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Petition of PECO Energy Company for Approval of its Act 129 Phase V Energy Efficiency and Conservation Plan / Docket No. M-2025-3057328

Dear Secretary Homsher:

Enclosed for filing please find the Prehearing Memorandum, on behalf of the Office of Small Business Advocate (“OSBA”), in the above-referenced proceeding.

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/ Steven C. Gray

Steven C. Gray
Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

Enclosures

cc: Justin Farr
Kevin Higgins
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PECO Energy Company : **Docket No. M-2025-3057328**
for Approval of its Act 129 :
Phase V Energy Efficiency and :
Conservation Plan :

**PREHEARING MEMORANDUM
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

I. INTRODUCTION

The Office of Small Business Advocate (“OSBA”) is authorized to represent the interests of small business customers 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”). To discharge this statutory duty, the Small Business Advocate deems it necessary to participate as a party to these proceedings. Representing the OSBA in the above-referenced matter is Assistant Small Business Advocate Steven Gray. Please address all correspondence in that matter as follows:

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Senior Attorney
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Forum Place
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II. FILING BACKGROUND

On December 1, 2025, PECO Energy Company (“PECO”) filed its Petition for Approval of its Act 129 Phase V Energy Efficiency and Conservation Plan (“*Petition*”) filed with the Pennsylvania Public Utility Commission (“Commission”).

On December 19, 2025, the OSBA filed a Notice of Intervention in response to the *Petition*.

III. IDENTIFICATION OF WITNESS AND TENTATIVE ISSUES

Assisting in the development and presentation of the OSBA’s case in these proceedings will be:

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The OSBA will participate in these proceedings to ensure that the interests of small business customers are adequately represented and protected. After an initial review of the materials submitted by PECO, the OSBA has identified the following issues that it will evaluate in this proceeding:

Budget Design, Affordability, and Resource Adequacy

- (1) Whether PECO’s allocation of Phase V EE&C budgets appropriately balances affordability for small commercial customers with the Commission’s objectives related to energy efficiency, peak demand reduction, and resource adequacy.
- (2) Whether PECO has adequately justified the level and distribution of Phase V EE&C spending, including any spending designed to exceed Commission-

established minimum targets, in light of the resulting rate impacts on small commercial customers.

- (3) Whether the proposed Phase V EE&C Plan appropriately prioritizes cost-effective measures that provide system-level benefits, including peak demand reductions and avoided capacity costs, while minimizing unnecessary financial burdens on ratepayers.

Cost Causation and Cost Allocation

- (4) Whether costs that can be clearly and exclusively attributed to measures or programs serving a specific customer class are properly assigned solely to that customer class, consistent with principles of cost causation and equitable cost recovery.
- (5) Whether PECO's proposed allocation of administrative, portfolio management, and evaluation, measurement, and verification costs appropriately reflects the distribution of benefits received by each customer class, including small commercial customers.
- (6) Whether the proposed EE&C Plan results in cross-subsidization among customer classes, including whether small commercial customers may bear costs associated with programs that primarily benefit other customer classes.

Program Availability and Access for Small Commercial Customers

- (7) Whether PECO's Phase V EE&C Plan provides meaningful and equitable program access for small commercial customers.
- (8) Whether barriers to participation for small commercial customers identified in prior EE&C program phases have been adequately addressed in the Phase V

EE&C Plan without increasing program costs or shifting undue financial burdens to ratepayers.

Budget Limits, Spending Controls, and Rate Impacts

- (9) Whether PECO's Phase V EE&C Plan complies with Act 129's statutory spending limitation and the Commission's Phase V Implementation Order, and whether sufficient controls are in place to prevent exceedances of the approved budget.
- (10) Whether PECO has sufficiently evaluated and disclosed the rate impacts of its proposed Phase V EE&C Plan on small commercial customers, including the effects of surcharge design, reconciliation mechanisms, and potential over- or under-collections.

Cost-Effectiveness and Ratepayer Value

- (11) Whether PECO's Phase V EE&C Plan is cost-effective at the portfolio level, as required by Act 129, and whether the distribution of costs and benefits among customer classes supports the reasonableness of cost recovery from small commercial customers.
- (12) Whether PECO has adequately demonstrated that the benefits of the proposed EE&C programs outweigh the financial burden imposed on ratepayers, particularly small commercial customers.

Oversight, Reporting, and Accountability

- (13) Whether PECO's proposed reporting, tracking, and evaluation framework provides sufficient transparency to allow the Commission and stakeholders to

assess ongoing compliance with statutory requirements, budget limits, cost-effectiveness standards, and equitable cost allocation.

(14) Whether additional reporting, safeguards, or conditions are necessary to ensure that implementation of the Phase V EE&C Plan continues to balance customer affordability with achievement of statutory energy efficiency and demand reduction objectives.

The OSBA reserves the right to pursue additional issues that may arise throughout these proceedings.

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 date¹ as satisfying the in-hand requirement.

The OSBA requests that email delivery of documents also be 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.

V. SETTLEMENT

The OSBA notes its willingness to enter settlement discussions at the appropriate phase of these proceedings.

¹ In accordance with 52 Pa. Code § 1.56(a)(5), documents must be received by 4:30 pm.

VI. HEARING AND BRIEFING SCHEDULE

At the time of this writing, the OSBA is working with the parties to develop a procedural schedule.

Respectfully submitted,

/s/ Steven C. Gray

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Senior Attorney
Assistant Small Business Advocate
Attorney ID No. 77538

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Dated: January 2, 2026

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CERTIFICATE OF SERVICE

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

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Date: January 2, 2026

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