



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

February 13, 2015

Secretary Rosemary Chiavetta
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Petition of Philadelphia Gas Works for Approval of Demand-Side
Management Plan for FY 2016-2020, and Philadelphia Gas Works
Universal and Energy Conservation Plan for 2014-2016
52 Pa. Code § 62.4 – Request for Waivers
Docket No. P-2014-2459362

Dear Secretary Chiavetta:

Enclosed please find the Bureau of Investigation and Enforcement's (I&E)
Prehearing Memorandum in the above-captioned proceeding.

Copies are being served on parties as identified in the attached certificate of
service. If you have any questions, please contact me at (717) 787-8754.

Sincerely,

Gina L. Lauffer

Prosecutor

Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

GLL/snc
Enclosure

cc: Certificate of Service
ALJ Christopher P. Pell
ALJ Marta Guhl

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Philadelphia Gas Works for :
Approval of Demand-Side Management :
Plan for FY 2016-2020, and Philadelphia : Docket No. P-2014-2459362
Gas Works Universal and Energy :
Conservation Plan for 2014-2016 52 Pa. :
Code § 62.4 – Request for Waivers :

CERTIFICATE OF SERVICE

I hereby certify that I am serving the foregoing **Prehearing Memorandum** dated February 13, 2015, in the manner and upon the persons listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party):

Via Electronic Mail

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A handwritten signature in black ink, appearing to read 'Gina L. Lauffer'. The signature is stylized with large, rounded letters and a cursive flourish at the end.

Gina L. Lauffer
Prosecutor
Bureau of Investigation and Enforcement
PA Attorney I.D. #313863

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	
	:	
	:	Docket No. P-2014-2459362
v.	:	
	:	
Philadelphia Gas Works	:	

**PREHEARING MEMORANDUM
OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT**

**TO ADMINISTRATIVE LAW JUDGES CHRISTOPHER P. PELL AND MARTA
GUHL:**

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”) respectfully submits the following Prehearing Memorandum in the above-captioned proceeding.

The Bureau of Investigation and Enforcement Prosecutors in this proceeding will be Richard A. Kanaskie and Gina L. Lauffer. Contact information is as follows:

By mail: Richard A. Kanaskie
 Gina L. Lauffer
 Pennsylvania Public Utility Commission
 P.O. Box 3265
 Harrisburg, PA 17105-3265

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I. INTRODUCTION

On December 23, 2014, Philadelphia Gas Works (“PGW” or “Company”) filed a Petition for Approval of Phase II of the Demand-Side Management Plan (“Petition”). This Petition, filed at Docket No. P-2014-2459362, serves as a request to institute Phase II of PGW’s initial five-year Demand-Side Management Plan (DSM), which was approved by the Commission in conjunction with a settlement of a base rate proceeding on July 29, 2010 (Docket Nos. P-2009-2097639 and R-2009-2139884). Phase I of the Company’s DSM expires on August 31, 2015, and by way of the Petition, the Company now seeks approval to implement Phase II of the DSM for a term of five years, beginning on September 1, 2015 and ending on August 31, 2020.

By way of its Answer to the Petition, filed on January 12, 2015, I&E requested that the Commission suspend PGW’s Petition for investigation by I&E and assign the proceeding to the Office of Administrative Law Judge (“OALJ”) for the scheduling of Evidentiary Hearings culminating in the issuance of a Recommended Decision. Pursuant to the Prehearing Conference Order issued in this matter on February 5, 2015, the Commission assigned the case to the Office of Administrative Law Judge and a Prehearing Conference is scheduled for February 17, 2015 at 10:00 a.m., with Administrative Law Judges Christopher P. Pell and Marta Guhl presiding. I&E submits this Memorandum in compliance with the Prehearing Conference Order.

II. PROPOSED PLAN AND SCHEDULE OF DISCOVERY

The parties have already begun engaging in an informal discovery process, consisting of both written data requests and participation in a telephonic conference on January 21, 2015. After the pre-hearing conference on February 17, 2015, I&E proposes the following:

1. Answers to written interrogatories shall be served in-hand within ten (10) calendar days of service.
2. For purposes of satisfying in-hand requirements for discovery responses, prepared testimony and briefs, I&E will accept electronic delivery of documents with a follow-up hard copy provided by regular first class mail.
3. Any discovery served after 12 noon on a Friday will be deemed to have been served on the following Monday for purposes of tracking due dates.
4. Other than the items enumerated above, I&E proposes no adaptation of the Commission discovery regulations.

III. POSSIBILITY OF SETTLEMENT

I&E is willing to make good faith efforts to successfully resolve this matter, including but not limited to engaging in the collaborative process proposed in PGW's Petition¹, modifying the proposed schedule where necessary. In the event that the collaborative process fails to occur or does not result in a full and complete resolution of the matter, I&E is prepared to fully or partially litigate this proceeding.

¹ Paragraphs 51-53

IV. ISSUES

The following list represents I&E's preliminary determination of the potential issues in this case. The listing is as complete as can be made at this time. I&E specifically reserves the right to address other issues, as it deems appropriate, if any such relevant issues arise. The issues are as follows:

- Whether Phase II of the DSM Plan will result in additional, unwarranted costs to produce rates that are unjust and unreasonable in contravention of 66 Pa. C.S. § 1301
- Whether Phase II benefits will be realized by the Company's ratepayers
- Whether PGW's proposal to recover future lost margin recovery through implementation of a conservation adjustment mechanism ("CAM") proposed by PGW will result in rates that are unjust and unreasonable under 66 Pa. C.S. § 1301
- Whether PGW's newly-proposed Low-Income Multifamily Efficiency (LIME) program fails to provide benefits to customers with the greatest financial need
- Whether the performance incentives proposed by PGW will result in additional, unwarranted costs for ratepayers to produce rates that are unjust and unreasonable in contravention of 66 Pa.C.S. § 1301

V. AMOUNT OF TIME NEEDED AT HEARING

Based on the information available at this time, I&E estimates that no more than three (3) days of evidentiary hearings may be needed in this matter.

VI. WITNESSES

It is currently expected that I&E may call the following expert witnesses, without being limited thereto:

- **Christopher Keller, Fixed Utility Financial Analyst**
- **Rachel Maurer, Fixed Utility Financial Analyst**
- **Anthony Spadaccio, Fixed Utility Financial Analyst**
- **Justice Dagadu, Fixed Utility Financial Analyst**
- **Ethan Cline, Fixed Utility Valuation Engineer**
- **Jeremy Hubert, Fixed Utility Valuation Engineer**

The I&E witnesses may be contacted through the contact information listed above for Attorney Kanaskie and Attorney Lauffer. The witness list is provided without the benefit of complete discovery or analysis of the positions of potential other parties to this proceeding. Accordingly, I&E reserves the right to call additional witnesses or withdraw the names of witnesses listed above.

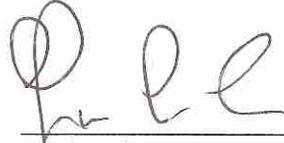
VII. CASE SCHEDULE

I&E will work with PGW and the other parties to develop a schedule in this matter.

VIII. OTHER RELEVANT MATTERS:

None at this time; however, I&E reserves the right to address other relevant matters that may arise in the future of this proceeding.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'R. Kanaskie', written over a horizontal line.

Richard A. Kanaskie
Deputy Chief Prosecutor
PA Attorney ID #80409

Gina L. Lauffer
Prosecutor
PA Attorney I.D. #313863

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Post Office Box 3265
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Dated: February 13, 2015