



McNees
Wallace & Nurick LLC

100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Carl J. Zwick
Direct Dial: 717.237.5271
Direct Fax: 717.260.1788
czwick@mwn.com

November 8, 2010

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

VIA HAND DELIVERY

RE: Petition of West Penn Power Company d/b/a Allegheny Power for Approval of its Energy Efficiency and Conservation Plan, Approval of recovery of Costs through a Reconcilable Adjustment Clause and Approval of Matters Relating to the Energy Efficiency and Conservation Plan; Docket No. M-2009-2093218

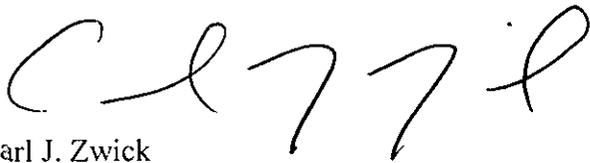
Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") are the original and three (3) copies of the Prehearing Memorandum of West Penn Power Industrial Intervenors ("WPPII") in the above-referenced proceeding.

As reflected on the attached Certificate of Service, all parties to this proceeding are being duly served with copies of this filing. Please date stamp the extra copy of this transmittal letter and Prehearing Memorandum, and kindly return it to us for our filing purposes. Thank you.

Very truly yours,

McNEES WALLACE & NURICK LLC

By 
Carl J. Zwick

Counsel to the West Penn Power Industrial Intervenors

CJZ/sds

- c: Administrative Law Judge Dennis J. Buckley (via E-mail and Hand Delivery)
- Administrative Law Judge Elizabeth H. Barnes (via E-mail and Hand Delivery)
- Jonathan P. Nase, Office of Special Assistants (via E-mail and Hand Delivery)
- Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Petition of West Penn Power Company d/b/a :
Allegheny Power for Approval of its Energy :
Efficiency and Conservation Plan, :
Approval of Recovery of Costs through a : Docket No. M-2009-2093218
Reconcilable Adjustment Clause and Approval :
of Matters Relating to the Energy Efficiency and :
Conservation Plan :

**PREHEARING MEMORANDUM
OF WEST PENN POWER INDUSTRIAL INTERVENORS**

As requested by Administrative Law Judges ("ALJs") Dennis J. Buckley and Elizabeth H. Barnes in their Prehearing Conference Order dated November 4, 2010, the West Penn Power Industrial Intervenors ("WPPII") hereby submit this Prehearing Memorandum in anticipation of the Prehearing Conference scheduled for November 9, 2010. WPPII intends to participate in this proceeding as an "active" party.

I. HISTORY OF THE PROCEEDING

Consistent with the requirements of Act 129, on June 29, 2009, West Penn Power Company d/b/a Allegheny Power ("West Penn" or "Company") filed its Act 129 Energy Efficiency and Conservation Plan ("EE&C Plan") with the Pennsylvania Public Utility Commission ("PUC" or "Commission").¹ On July 15, 2009, WPPII filed a Petition to Intervene in this proceeding, which was granted by ALJ Katrina L. Dunderdale at the July 28, 2009, Prehearing Conference. A description of WPPII is set forth in Paragraph 3 of WPPII's Petition to Intervene. On July 23, 2010, the Company's EE&C Plan, as refiled, was approved by the Commission.²

¹ See 66 Pa. C.S. § 2806.1. Specifically, West Penn's EE&C Plan outlines how the Company plans to meet consumption reduction requirements of 1% by May 31, 2011, and 3% by May 31, 2013, as well as a 4.5% reduction in annual system peak demand by May 31, 2013.

² The Commission addressed West Penn's EE&C Plan in Orders entered October 23, 2009, March 1, 2010 and June 23, 2010.

On September 10, 2010, West Penn filed a Petition to amend its PUC-approved EE&C Plan ("Petition to Amend") seeking to shift substantial costs (*i.e.*, approximately \$8.1 million) from the Residential class to the Commercial and Industrial ("C&I") classes. This shift in EE&C program costs is predicated, in large part, on West Penn's proposal to significantly decelerate the deployment of smart meters throughout the Company's service territory.³ As a result of West Penn's proposed reallocation of EE&C program costs, the Company proposes to increase the EE&C Surcharge for customers on Rate Schedule 30 (large) by approximately 39%, and for customers on Rate Schedules 40, 41, 44, and 46 by approximately 26%.

II. ANTICIPATED ISSUES AND SUB-ISSUES

WPPII is concerned that the Company's proposed Petition to Amend may produce rates that *are not only unjust and unreasonable but also discriminatory against C&I customers*. Specifically, WPPII is concerned that West Penn's proposed redistribution of EE&C program costs will produce discriminatory rates for C&I customers and result in an unreasonable burden, and that such reallocation does not appropriately serve Act 129's objectives. WPPII anticipates pursuing these issues during this proceeding and reserves the right to raise further issues and to respond to all matters raised by other parties.

III. PROPOSED WITNESSES

WPPII is still evaluating whether it will present any witnesses in this proceeding. If WPPII determines that it will present such witnesses, WPPII will inform the ALJs and the other parties as soon as possible. WPPII also preserves its right to participate in this proceeding through the submission of discovery, cross-examination of other parties' witnesses, and the submission of briefs, exceptions and reply exceptions, if necessary.

³ See *Non-Unanimous Joint Petition for Settlement, Petition for Expedited Approval of Smart Meter Technology Procurement and Installation Plan*, Docket No. M-2009-2123951 (submitted Oct. 19, 2010).

IV. PROCEDURAL SCHEDULE AND DISCOVERY RULES

WPPII adopts the following procedural schedule set forth in the ALJs' November 4, 2010, Prehearing Conference Order.

November 16, 2010	Initial and further Hearing (beginning at 10:00 a.m.)
November 18, 2010	Record closes
November 30, 2010	All parties file and serve (in-hand) Main Briefs

V. POSSIBILITY OF SETTLEMENT

WPPII is willing to participate in discussions with the other parties to amicably resolve the issues in this proceeding.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By 

Susan E. Bruce (PA ID No. 80146)
Shelby A. Linton-Keddie (PA ID No. 206425)
Carl J. Zwick (PA ID No. 306554)
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Phone: (717) 232-8000
Fax: (717) 260-1763

Counsel to West Penn Power Industrial Intervenors

Dated: November 8, 2010

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant).

VIA E-MAIL AND FIRST-CLASS MAIL

Tanya McCloskey, Esq.
Christy M. Appleby, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923
tmccloskey@paoca.org
cappleby@paoca.org

Richard A. Kanaskie, Esq.
Adeolu A. Bakare, Esq.
Pennsylvania Public Utility Commission
Office of Trial Staff
P.O. Box 3265
Harrisburg, PA 17105-3265
rkanaskie@state.pa.us
abakare@state.pa.us

Lillian S. Harris, Esq.
Thomas J. Sniscak, Esq.
Hawke McKeon & Sniscak LLP
P.O. Box 1778
100 North Tenth Street
Harrisburg, PA 17101
lharris@hmslegal.com
tjsniscak@hmslegal.com

Lauren M. Lepkoski, Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101
llepkoski@state.pa.us

John F. Povilaitis, Esq.
Ryan, Russell, Ogden & Seltzer P.C.
800 North Third Street, Suite 101
Harrisburg, PA 17102-2026
jpovilaitis@ryanrussell.com

John L. Munsch, Esq.
Allegheny Energy
800 Cabin Hill Drive
Greensburg, PA 15601-1689
jmunsch@alleghenyenergy.com

Kurt E. Klapkowski, Esq.
Commonwealth of Pennsylvania
Department of Environmental Protection
RCSOB, 9th Floor
400 Market Street
Harrisburg, PA 17101-2301
kklapkowsk@state.pa.us

Carolyn Pengidore
President/CEO
ClearChoice Energy
180 Fort Couch Road, Suite 265
Pittsburgh, PA 15241
carolyn@clearchoice-energy.com

SECRETARY'S BUREAU
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RECEIVED

Theodore J. Gallagher, Esq.
Senior Counsel
NiSource Corporate Services Company
501 Technology Drive
Canonsburg, PA 15317
tjgallagher@nisource.com

Christopher A. Lewis, Esq.
Christopher R. Sharp, Esq.
Blank Rome, LLP
One Logan Square
Philadelphia, PA 19103
lewis@blankrome.com
sharp@blankrome.com

Charles E. Thomas, Jr., Esq.
Thomas T. Niesen, Esq.
Thomas, Long, Niesen & Kennard
P.O. Box 9500
212 Locust Street, Suite 500
Harrisburg, PA 17108-9500
cthomasjr@ttanlaw.com
tniesen@ttanlaw.com

Daniel Clearfield, Esq.
Kevin J. Moody, Esq.
Eckert Seamans Cherin & Mellott, LLC
213 Market Street, 8th Floor
P.O. Box 1248
Harrisburg, PA 17108-1248
dclearfield@eckertseamans.com
kmoody@eckertseamans.com

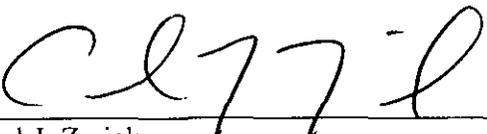
Mark C. Morrow, Esq.
UGI Corporation
460 North Gulph Road
King of Prussia, PA 19406-2807
morrowm@ugicorp.com

Lee E. Hartz
Assistant General Counsel
National Fuel Gas Distribution Corporation
P.O. Box 2081
Erie, PA 16512
hartzl@natfuel.com

Scott H. DeBroff, Esq.
Rhoads & Sinon LLP
One South Market Square
P.O. Box 1146
Harrisburg, PA 17108-1146
sdebroff@rhoads-sinon.com

Pamela C. Polacek, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
ppolacek@mwn.com

Harry S. Geller, Esq.
Julie George, Esq.
Pennsylvania Utility Law Project
118 Locust Street
Harrisburg, PA 17101
pulp@palegalaid.net



Carl J. Zwick

Counsel to the West Penn Power Industrial Intervenors

Dated this 8th day of November, 2010, at Harrisburg, Pennsylvania.