

November 4, 2010

VIA OVERNIGHT FEDERAL EXPRESS

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

Re: *Joint Petition for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company Docket Nos. M-2009-2092222, M-2009-2112952, M-2009-2112956*

Dear Secretary Chiavetta:

In accordance with the Commission's September 1, 2010 Secretarial Letter, enclosed for filing are an original and four (4) copies of Reply Comments of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company (collectively, "the Companies"), in the above-captioned dockets.

Please date stamp the additional copy and return it to me in the enclosed, postage-prepaid envelope. Please contact me at the above phone number if you have any questions.

Very truly yours,

Brad A. Bingaman / CMD

Bradley A. Bingaman

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Enclosures

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SECRETARY'S BUREAU**

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Joint Petition for Consolidation of	:	
Proceedings and Approval of Energy	:	Docket Nos. M-2009-2092222
Efficiency and Conservation Plans of	:	M-2009-2112952
Metropolitan Edison Company,	:	M-2009-2112956
Pennsylvania Electric Company and	:	
Pennsylvania Power Company	:	

**METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC
COMPANY AND PENNSYLVANIA POWER COMPANY'S REPLY COMMENTS
TO THE COMMENTS AND RECOMMENDATIONS OF PENNSYLVANIA
COMMUNITIES ORGANIZING FOR CHANGE AND
UGI DISTRIBUTION COMPANIES**

I. INTRODUCTION

On September 15, 2010, Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec") and Pennsylvania Power Company ("Penn Power") (collectively, "the Companies") filed with the Commission at the above-referenced dockets each of their Annual Reports for Program Year 1 of the Act 129 of 2008 Energy Efficiency and Conservation Program. The Companies submitted the annual reports in accordance with the Commission's Secretarial Letters issued on June 24, 2010 and September 1, 2010.

The Companies did not propose any revisions to the approved Energy Efficiency and Conservation ("EE&C") Plans at the time the annual reports were filed. However, the Companies reserved their right to propose plan revisions at a later time pursuant to the Commission's standard procedures for rescission and amendment of Commission Orders.¹

¹ 52 Pa. Code §§ 5.41 and 5.572; See also, *Proposals to Change Energy Efficiency and Conservation Plans Approved by the Commission Pursuant to Act 129 of 2008*, Docket Nos. M-2009-2092222, M-2009-2112952 and M-2009-2112956 (Secretarial Letter issued September 1, 2010).

Although the Companies did not propose any revisions to their EE&C plans, several parties submitted comments or recommendations for plan changes. On October 15, 2010, comments were submitted by Pennsylvania Communities Organizing for Change (“PCOC”)² and UGI Distribution Companies (“UGI”). In addition, the Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance and Penn Power Users Group submitted a letter on October 15, 2010, indicating that they would not be filing comments regarding the Companies’ EE&C programs. No other comments were received.

The Companies hereby respond to the comments submitted by PCOC and UGI filed pursuant to the September 1, 2010 Secretarial Letter regarding *Proposals to Change Energy Efficiency and Conservation Plans Approved by the Commission Pursuant to Act 129 of 2008*.

II. PCOC COMMENTS

In sum, the PCOC comments regarding the Companies’ Act 129 EE&C Plans center around its concern that the Companies should have implemented, in the first program year, the specific measures targeted to multi-family properties that were detailed in the Companies’ EE&C Plans.

As an initial matter, PCOC has filed for intervention in lieu of ACORN.³ Moreover, although in its Comments the PCOC makes the assertion that the Companies have amended their EE&C Plans, as stated previously, the Companies have not yet proposed any changes or

² The Comments of PCOC were submitted by the Pennsylvania Utility Law Project (“PULP”). In the same filing, PULP included a Petition to Withdraw the Pennsylvania Association of Community Organizations for Change Now (“ACORN”) from this proceeding in addition to a Petition to Intervene of PCOC.

³ On February 26, 2010, the Commission entered a Final Order in the above-captioned proceeding approving the Companies’ EE&C Plans. In that Order, Ordering Paragraph 12 directed the Commission Secretary’s Bureau to mark the proceeding to address the EE&C Plans case as closed. However, the Companies are also filing an Answer to the Petition to Intervene of PCOC today under separate cover.

amendments to their plans. Nevertheless, the Companies will respond to PCOC's Comments accordingly.

Due to the start-up logistics involved with the multi-family projects, and the desire to prioritize the launch of larger and more easily implemented programs contained in the Companies' EE&C Plans, the Companies recognize that they did not implement specific measures targeted to multi-family properties in Program Year 1, which ended May 31, 2010. However, the Companies agree that multi-family housing provides opportunities for the Companies to accrue energy savings and are currently implementing those programs in accordance with their EE&C Plans.

As the Companies advised the Statewide Evaluator in Section 5 of their first Quarterly Reports for Program Year 2, the multi-family program launched in June 2010. Some of the key activities to date in implementing the multi-family program for both common areas and tenant areas are set forth below:

- May 3, 2010 – Company representatives hosted a teleconference with Pennsylvania Housing Finance Authority (“PHFA”) to discuss the proposed structure of the multi-family program;
- May 13, 2010 – Company representatives along with SAIC, a Conservation Service Provider (“CSP”) working with the Companies, met with representatives of PHFA in Harrisburg to discuss the launch of the multi-family program;
- May 26, 2010 – Company representatives hosted a follow up teleconference with SAIC and PHFA;
- June 17, 2010 – Company representatives and SAIC launched the multi-family program at the 2010 PHFA Multi-Family Conference held in Lancaster, PA;
- July 13, 2010 – A representative from SAIC made a presentation on the multi-family program at the Housing & Neighborhood Development Services meeting held in Erie, PA;

- July 20, 2010 – A representative from SAIC made a presentation on the multi-family program at the Pennsylvania Affordable Housing Management Association Conference in Warrendale, PA;
- Shortly after the launch of the multi-family program, SAIC sent out an e-Blast (email news and solicitation) to all PHFA auditors;
- Based on a total of 14 multi-family building audit reports received by the Companies from PHFA, SAIC sent out a customized letter to these property managers informing them about the benefits of the multi-family program; and
- PowerDirect, a CSP working with the Companies, completed marketing outreach to PHFA properties, HUD properties and Rural Housing Services properties located in the Companies' service territories.

The list of key activities is not exhaustive; however, it should provide PCOC with assurance that the Companies continue to work closely with PHFA and multi-family customers to provide energy savings opportunities as laid out in the Companies' EE&C plans. The Companies are committed to implementing the multi-family programs as outlined in their EE&C Plans. As such, PCOC's recommendations are being adequately addressed by the Companies and do not warrant any further action by the Commission at this time.

III. UGI COMMENTS

In its filing, UGI asserted that the Companies' EE&C Plans are deficient in that they do not include a requirement to track the Companies' program measure recipients who convert from gas appliances to electric appliances. UGI further requests that the Commission require the Companies to provide that data for the current period and in future Act 129 annual reports.

During the proceedings in this case, UGI argued to the Commission: 1) that the Commission should require the Companies to adopt a number of fuel substitution programs as measures designed to encourage the installation of higher energy efficiency electric appliances or

equipment; and, 2) that the Commission should require the Companies to track measure recipients who switch from gas appliances to electric appliances.

The Commission, in its Opinion and Order entered on October 28, 2009: 1) did not require the Companies to adopt UGI's proposed fuel substitution programs, deeming the proposals as being premature, and referred the issue of fuel substitution to a working group; but, 2) required the Companies, in coordination with the Statewide Evaluator, to track appropriate data regarding gas to electric conversion including:

- type of appliance or equipment being replaced;
- the availability of natural gas at the customer's location or immediate area; and
- whether electric appliances or equipment were installed in areas where natural gas is available.⁴

While the Commission required the Companies to “track appropriate data regarding fuel switching,” the Commission did not order the Companies to incorporate this data or a summary thereof into the Companies’ Annual Reports or into their EE&C Plans. The Commission required the Companies to track this information because this data “as well as other data obtained through the Statewide Evaluator, will be helpful to the fuel switching working group as it studies market potential and the potential impacts of EE&C Plans.” Thus, while the Companies did track this data, in accordance with the guidance and format provided by the Commission and the Statewide Evaluator as to the information required for the Annual Reports and EE&C Plans, the Companies did not include this data in their annual reports. Nevertheless, the Companies are continuing to track the fuel switching data and will extract that data from the relevant systems, with sufficient lead time, in response to a request to provide such information

⁴ Commission October 28, 2009 Opinion and Order in the above-captioned proceeding at Ordering Paragraphs 10, 19 and 27.

from the Commission or Statewide Evaluator. UGI's recommendations are being adequately addressed by the Companies and do not warrant any further action by the Commission at this time.

IV. CONCLUSION

As set forth above, the Companies have complied with both the Commission and the Statewide Evaluator requirements and guidelines in implementing their EE&C Plans and in submitting their annual reports. In addition, the recommendations of PCOC and UGI are being adequately addressed by the Companies. Thus, there is no further action required by the Commission at this time.

The Companies appreciate the opportunity to provide reply comments and respectfully request that the Commission deny the recommendations set forth in the Comments of PCOC and UGI.

Dated: November 4, 2010

Respectfully submitted,



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Pennsylvania Electric Company and	:	
Pennsylvania Power Company	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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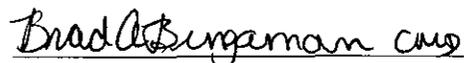
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Dated: November 4, 2010



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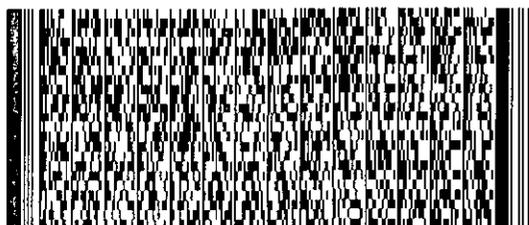
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