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March 9, 2011

VIA HAND DELIVERY

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

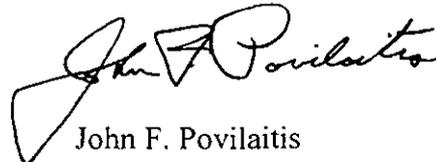
Re: Petition of West Penn Power Company for Expedited Approval of its Smart Meter
Technology and Installation Plan,
Docket No. M-2009-2123951

Dear Secretary Chiavetta:

Enclosed is an original and three (3) copies of a Joint Stipulation of Position ("Joint Stipulation") between West Penn Power Company and The Office of Small Business Advocate, submitted for filing in the above-captioned proceeding. This Joint Stipulation is submitted in conjunction with an Amended Joint Petition for Settlement, also filed today at this docket. The other parties to this proceeding do not object to this Joint Stipulation.

Copies of this filing have been served on all parties to this case as indicated in the attached Certificate of Service. Thank you for your attention to this matter.

Very truly yours,



John F. Povilaitis

Enclosures

cc: Certificate of Service
The Honorable Mark A. Hoyer

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of West Penn Power Company :
for Expedited Approval of its Smart : Docket No. M-2009-2123951
Meter Technology and Installation Plan :

JOINT STIPULATION OF POSITION

West Penn Power Company (“West Penn” or “Company”) and the Office of Small Business Advocate (“OSBA”) (collectively “the Stipulating Parties”) enter into a Joint Stipulation of Position (“Joint Stipulation”) to resolve their differences with regard to the Amended Settlement filed on or about March 8, 2011 (“Amended Settlement”) in the above-captioned proceeding. The Parties Stipulate and Agree as follows.

STIPULATION TERMS

1. West Penn and OSBA jointly stipulate that an adjudication of the accuracy of the SMIP surcharge proposed by the Amended Settlement will be made in the next SMIP surcharge reconciliation proceeding.
2. West Penn and OSBA also jointly stipulate that the estimated SMIP Phase 3 costs related to the deployment of approximately 25,000 smart meters shall be recoverable in the SMIP surcharge, subject to the opportunity of OSBA to challenge the reasonableness of these costs in the annual reconciliation process after these costs have been initially collected from customers.
3. West Penn and the OSBA further jointly stipulate that OSBA shall have the opportunity to challenge the recoverability of the \$40 million in SMIP Phase 1 and Phase 2 incurred costs in the Revised Smart Meter Implementation filing (“Revised

SMIP”) which will be filed with the Pennsylvania Public Utility Commission (“Commission”) on or before June 2012 pursuant to the terms of the Amended Settlement. For purposes of this provision, OSBA agrees that it will not challenge the Company’s recovery of \$5.712 million in interest provided for under paragraph 19 of the Amended Settlement as long as West Penn’s allowed recovery of SMIP Phase 1 and 2 incurred costs is at least \$15 million of the total \$40 million. However, if the disallowance pursued by OSBA exceeds \$25 million, then OSBA may also seek a reduction in interest recovered, with the \$5.712 million scaled downward on a pro-rata basis using a ratio with \$5.712 million as the numerator and \$15 million as the denominator. Pending completion of the Revised SMIP proceeding, the \$40 million in SMIP Phase 1 and Phase 2 costs shall be included in the cost basis for the SMIP surcharge. This opportunity to challenge the recoverability of Phase 1 and 2 costs and interest is provided solely to the OSBA. West Penn reserves all rights to contest any disallowances, including interest disallowances, sought by OSBA or adopted by the Commission under this provision.

4. West Penn and the OSBA jointly stipulate that in consideration of OSBA’s not opposing the implementation of the Amended Settlement at this stage of this proceeding, West Penn will not oppose OSBA’s raising the following issue (“Cost Shift Issue”) in the 2011 EE&C/DR reconciliation proceeding, to be filed no later than March 31, 2011 (“the 2011 EE&C/DR reconciliation proceeding”):

Whether the Company unreasonably imposed additional costs on Small Commercial and Industrial (“Small C&I”) customers in its revised EE&C/DR Plan in excess of the costs that would have been assigned to Small C&I customers in the previously-approved and effective EE&C/DR Plan.

However, West Penn and the OSBA also jointly stipulate that, in the absence of a Petition for Reconsideration or an appeal regarding the terms of Paragraph 18 of the settlement of the merger between FirstEnergy Corp and Allegheny Energy, Inc., OSBA is barred from raising the Cost Shift Issue in the 2011 EE&C/DR reconciliation proceeding.¹ If the OSBA does not raise the Cost Shift Issue in the 2011 EE&C/DR reconciliation proceeding, the Stipulating parties agree that OSBA may not raise the Cost Shift Issue in any subsequent proceeding. West Penn is not barred or limited in any way from opposing the merits of the Cost Shift Issue in the 2011 EE&C/DR reconciliation proceeding by virtue of this stipulation.

5. West Penn and the OSBA jointly stipulate that if the Company uses the Amended Settlement as a justification for why the Company failed to achieve the reductions in consumption mandated by Act 129 and thus avoid penalties under Section 2806.1(f), the OSBA is not foreclosed from challenging the Company's defense by virtue of this Joint Stipulation.

6. The Stipulating Parties submit this Joint Stipulation as evidence of their agreement with regard to all outstanding issues between them with respect to the

¹ Paragraph 18 of the settlement of the FirstEnergy Corp merger with Allegheny Energy, Inc. states as follows: "West Penn will provide a credit equal to the increase in Energy Efficiency & Conservation ('EE&C') costs to Rate Schedules 20, 22, 30 Small and 30 Large and Rate Tariff 37 resulting from West Penn's revised EE&C Plan. For purposes of this settlement, the increase in EE&C costs shall be deemed to be \$6.19 million and shall be allocated to each rate schedule based on the percentage of such rate schedule's share of the total increase in EE&C costs by the rate schedules listed herein." According to the Motions and Statements of the Commissioners, Paragraph 18 of the merger settlement was approved without modification by the Commission on February 24, 2011. The merger closed on February 25, 2011.

proposed Amended Settlement in the above-captioned proceeding. Subject to all of the provisions of this Joint Stipulation, OSBA does not oppose the Amended Settlement.

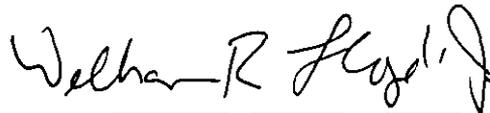
Dated: March 9, 2011

Respectfully Submitted,



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Petition of West Penn Power Company :
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Meter Technology and Installation Plan :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing documents in accordance with the requirements of 52 Pa. Code § 1.54 et seq. (relating to service by a participant).

**VIA FIRST CLASS AND
ELECTRONIC MAIL**

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