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March 10, 2011

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

VIA HAND DELIVERY

RE: Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for Expedited Approval of Amendments to the Residential HVAC Program and Governmental & Institutional Components of the C/I Equipment Programs; Docket Nos. M-2009-2092222, M-2009-2112952, and M-2009-2112956

Dear Secretary Chiavetta:

Please find enclosed for filing with the Pennsylvania Public Utility Commission ("PUC" or "Commission") the original and three (3) copies of the Joint Answer of the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, and the Penn Power Users Group to the Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for Expedited Approval of Amendments to the Residential HVAC Program and Governmental & Institutional Components of the C/I Equipment Programs, in the above-referenced proceeding.

As evidenced by the attached Certificate of Service, all parties to the proceeding are being served with a copy of this document. Please date stamp the extra copy of this transmittal letter and Joint Answer, and kindly return them to our messenger for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By *Vasiliki Karandrikas*
Vasiliki Karandrikas

Counsel to Met-Ed Industrial Users Group, Penelec Industrial
Customer Alliance, and Penn Power Users Group

VK/sds

Enclosures

- c: Chief Administrative Law Judge Charles E. Rainey, Jr. (via First-Class Mail)
- 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**

Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company	:	
for Expedited Approval of Amendments to the Residential HVAC Program and Governmental & Institutional Components of the C/I Equipment Programs	:	Docket Nos. M-2009-2092222, M-2009-2112952, and M-2009-2112956

**JOINT ANSWER OF
THE MET-ED INDUSTRIAL USERS GROUP,
THE PENELEC INDUSTRIAL CUSTOMER ALLIANCE, AND
THE PENN POWER USERS GROUP TO THE JOINT PETITION OF
METROPOLITAN EDISON COMPANY, PENNSYLVANIA ELECTRIC COMPANY,
AND PENNSYLVANIA POWER COMPANY FOR EXPEDITED APPROVAL OF
AMENDMENTS TO THE RESIDENTIAL HVAC PROGRAM AND GOVERNMENTAL
& INSTITUTIONAL COMPONENTS OF THE C/I EQUIPMENT PROGRAMS**

Pursuant to Sections 5.61 and 5.62 of the Pennsylvania Public Utility Commission's ("Commission" or "PUC") regulations,¹ the Met-Ed Industrial Users Group ("MEIUG"), the Penelec Industrial Customer Alliance ("PICA"), and the Penn Power Users Group (collectively, "MEIUG, et al.") hereby file this Joint Answer to the Joint Petition of Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), and Pennsylvania Power Company ("Penn Power") (collectively, "Companies") for Expedited Approval of Amendments to the Residential HVAC Program and Governmental & Institutional Components of the C/I Equipment Programs ("Expedited Petition"), which was filed on February 18, 2011.² The

¹ 52 Pa. Code §§ 5.61 and 5.62.

² On February 18, 2011, Met-Ed, Penelec, and Penn Power also filed a Joint Petition for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans ("Joint Petition") in the above-captioned dockets. Please note that MEIUG, et al., are contemporaneously filing a separate Answer in response to the Companies' Joint Petition.

Expedited Petition seeks expedited Commission approval of proposed modifications to the Companies' EE&C Plans by March 17, 2011, for implementation by April 1, 2011.

For the reasons discussed below, MEIUG, et al., do not oppose the Companies' request for expedited approval of the proposed EE&C Plan modifications regarding the incentive increases to Large Governmental and Institutional ("G/I") customers set forth in the Expedited Joint Petition,³ provided that final Commission approval of such modifications is: (i) conditioned upon the opportunity for full review in any proceeding reviewing the Companies' contemporaneously filed Joint Petition; and (ii) subject to any changes that the Commission orders as a result of such review. To the extent that the foregoing conditions are not accepted, however, MEIUG, et al., oppose the Companies' request for expedited implementation because such treatment would deprive interested parties of meaningful due process with respect to the proposed EE&C Plan changes set forth in the Expedited Joint Petition.

In support of this Joint Answer, MEIUG, et al., state the following:

1. Act 129 of 2008 ("Act 129") imposed upon certain Pennsylvania electric distribution companies ("EDC") annual energy efficiency and demand reduction obligations for the 2010-2013 period.⁴ Act 129 required Pennsylvania EDCs falling within its purview to implement PUC-approved Energy Efficiency and Conservation ("EE&C") Plans that offered customer programs designed to achieve the mandated energy efficiency and demand reduction targets.

³ Please note that MEIUG, et al., do not take a position on the proposals regarding the Residential HVAC Program or the Energy Conservation Kit offering to Governmental and Institutional customers within the Small Commercial and Industrial Equipment Program.

⁴ As articulated in Act 129, only EDCs with at least 100,000 customers are required to submit energy efficiency and conservation programs. 66 Pa. C.S. § 2806.1 et seq.

2. On July 1, 2009, as subsequently revised several times, the Companies submitted EE&C Plans for Commission review and approval. By order entered on February 26, 2010, the Commission ultimately approved the Companies' currently effective EE&C Plans.⁵

3. On September 15, 2010, the Companies filed their annual reports with the Commission; however, they did not propose any changes to their EE&C Plans at that time.⁶

4. On February 18, 2011, the Companies filed the Expedited Joint Petition, in which they propose amendments to: (1) increase incentives paid for the Residential HVAC and Heat Pump Maintenance/Tune-ups; (2) add an Energy Conservation Kit offering to Governmental and Institutional ("G/I") customers within the Small Commercial and Industrial ("C&I") Equipment Program; and (3) increase incentives paid to G/I customers for various measures within the C&I Equipment Programs.⁷

5. The Companies propose to increase funding to *G/I* customers to provide incentive levels that are consistent with those offered through C&I programs to other customer sectors.⁸ As a subset of the Large C&I customer class, the funding to increase incentives for Large G/I customers is provided from the budget increase for Large C&I Programs requested in the Companies' contemporaneously filed Joint Petition.⁹ The Companies seek expedited Commission approval in order to "overcome limited participation" and "increase the probabilities" of achieving the Companies' Act 129 targets for this customer segment.¹⁰

⁵ See Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company for Consolidation of Proceedings and Approval of Energy Efficiency and Conservation Plans; Docket Nos. M-2009-2092222, et al. (Feb. 26, 2010).

⁶ Joint Petition at ¶10.

⁷ Id. at ¶ 2.

⁸ See Met-Ed EE&C Plan § 1.1.1.B.17; Penelec EE&C Plan § 1.1.1.B.17; Penn Power EE&C Plan § 1.1.1.B.17.

⁹ Id.

¹⁰ Expedited Joint Petition at ¶11.

6. In the Joint Petition, Met-Ed proposes to include an additional \$4.5 million for its Large C&I Programs. Met-Ed proposes to allocate \$2.5 million to the Demand Response Program, and the remaining \$2 million to the Large C&I Equipment Program.¹¹ Of the \$2 million, Met-Ed proposes to allocate \$575,379 to Large G/I customers.¹² Due to the proposed budget increases for Met-Ed's Large C&I Programs, the Energy Efficiency and Conservation Charge ("EEC-C") Rider rate for Large C&I customers will increase by 60% for Met-Ed customers on Rate Schedules GS-Large, GP, and TP.¹³

7. Similarly, Penelec proposes to include an additional \$4 million for Large C&I Programs. Specifically, of this \$4 million, Penelec proposes to allocate \$2.6 million to the Demand Response Program, and the remaining \$1.4 million to the Large C&I Equipment Program.¹⁴ Of the \$1.4 million, Penelec seeks to allocate \$339,230 to Large G/I customers.¹⁵ As a result of the proposed budget increases for the Companies' Large C&I Programs, the EEC-C Rider rate for Large C&I customers will increase by 41% for Penelec customers on Rate Schedules GS-Large, GP, and LP.¹⁶

8. Finally, Penn Power proposes to include an additional \$400,000 for the Large C&I Equipment Programs, all of which is allocated to the Large G/I customers.¹⁷ Due to the proposed budget increase, the EE&C Rider for Large C&I customers is also likely to increase for Penn Power customers on Rate Schedules GP and GT.

¹¹ Testimony of George L. Fitzpatrick ("Fitzpatrick Testimony") at 10.

¹² See id. at Exhibit GLF-2, line 15.

¹³ See Testimony of Charles V. Fullem ("Fullem Testimony") at Exhibit CVF-1, page 1 of 3, line 16.

¹⁴ Fitzpatrick Testimony at 10.

¹⁵ Id. at Exhibit GLF-3, line 15.

¹⁶ See Fullem Testimony at Exhibit CVF-1, page 2 of 3, line 16.

¹⁷ Fitzpatrick Testimony at Exhibit GLF-4, line 15.

9. MEIUG, PICA, and PPUG are ad hoc associations of energy-intensive commercial and industrial customers receiving electric service in Met-Ed's, Penelec's, or Penn Power's service territory, respectively.¹⁸ MEIUG members purchase service from Met-Ed primarily under Rate Schedule TP, as well as available riders. PICA members purchase service from Penelec primarily under Rate Schedule LP, as well as available riders. PPUG members purchase service from Penn Power primarily under Rate Schedule GT, as well as available riders. MEIUG, PICA, and PPUG have been active participants in many PUC proceedings addressing rates, terms, and conditions of service in the Companies' service territories, including the Companies' EE&C proceedings. As Large C&I customers of Met-Ed, Penelec, and Penn Power, MEIUG, PICA, and PPUG members will be directly impacted by the Companies' proposal to increase incentive levels available to Large G/I customers through the Large C&I Programs.

10. As previously noted, MEIUG, et al., are filing a separate Joint Answer in response to the Companies' contemporaneously filed Joint Petition.¹⁹ In that Joint Answer, MEIUG, et al., explain that the Companies' Joint Petition and accompanying materials are deficient because they do not present adequate information to assess the impact of the proposed changes on the Companies' Large C&I customers. Additionally, the information presented does not provide a sufficient basis upon which to determine that the proposed EE&C Plan changes are necessary and appropriate. As a result, MEIUG, et al., are requesting that Commission initiate an investigation to determine the appropriateness of the Companies' proposed EE&C Plan modifications. The Companies' Expedited Joint Petition raises many of the same concerns

¹⁸ A list of MEIUG members is attached as Appendix A. A list of PICA members is attached as Appendix B. A list of PPUG members is attached as Appendix C.

¹⁹ See generally Joint Answer of Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance, and Penn Power Users Group To Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, and Pennsylvania Power Company for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of First Amended Energy Efficiency and Conservation Plans; Docket Nos. M-2009-2092222, et al. (filed March 10, 2011).

expressed in MEIUG, et al.'s Joint Answer to the Joint Petition. These concerns include lack of sufficient information to enable the Commission to determine the impact and appropriateness of the Companies' proposed EE&C Plan modifications.

11. MEIUG, et al., are concerned that the outcome of the Companies' Joint Petition proceeding may impact the proposed changes set forth in this proceeding regarding the Companies' Expedited Joint Petition. Consequently, MEIUG, et al., do not oppose the Companies' request for expedited approval in the above-captioned proceeding, provided that final Commission approval is: (i) conditioned upon the opportunity for full review in any proceeding reviewing the Companies' contemporaneously filed Joint Petition; and (ii) subject to any changes that the Commission orders as a result of such review. In the absence of the foregoing conditions, MEIUG, et al., oppose the Companies' request for expedited approval because interested parties would be deprived of meaningful due process.

WHEREFORE, the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance, and the Penn Power Users Group respectfully submit that they do not oppose the Companies' request for expedited review and approval of the proposed modifications regarding the incentive increases to Large Governmental and Institutional customers set forth in the Expedited Joint Petition, provided that final Commission approval is: (i) conditioned upon the opportunity for full review in any proceeding reviewing the Companies' contemporaneously filed Joint Petition; and (ii) subject to any changes that the Commission orders as a result of such review. To the extent that the foregoing conditions are not accepted, however, MEIUG, et al., oppose the Companies' request for expedited implementation because it would deprive interested parties of meaningful due process with respect to the proposed EE&C Plan changes set forth in the Expedited Joint Petition.

Respectfully submitted,

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Dated: March 10, 2011

APPENDIX A

MET-ED INDUSTRIAL USERS GROUP

Air Liquide Industrial U.S. LP
Cambridge-Lee Industries, LLC
Carpenter Technology Corporation
Dixie Consumer Products, LLC, Lehigh Valley
East Penn Manufacturing Company
Exide Technologies, Inc.
Farmers Pride, Inc.
Glen-Gery Corporation
Harley-Davidson Motor Company – York Division
Knouse Foods Cooperative, Inc.
Magnesita Refractories Co.
PPG Industries, Inc.
RH Sheppard Co., Inc. – Foundry Division
Royal Green LLC
Sweet Street Desserts, Inc.
Tray-Pak Corporation

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APPENDIX B

PENELEC INDUSTRIAL CUSTOMER ALLIANCE

American Refining Group Inc.
Appleton Papers Inc.
Cargill Taylor Beef
E.I. du Pont de Nemours and Company
Electralloy, a G.O. Carlson, Inc., Co.
Ellwood National Steel
Erie Forge & Steel, Inc.
Glen-Gery Corporation
Pittsburgh Glass Works, L.L.C.
Procter & Gamble Paper Products Company
Sheetz, Inc.
Standard Steel
Team Ten, LLC - American Eagle Paper Mills
The Plastek Group, Inc.
U.S. Silica Company
Wegmans Food Markets, Inc.

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APPENDIX C

PENN POWER USERS GROUP

Ellwood Quality Steels Company

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CERTIFICATE OF SERVICE

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

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Dated this 10th day of March, 2010, in Harrisburg, Pennsylvania.