

COMMONWEALTH OF PENNSYLVANIA



OFFICE OF CONSUMER ADVOCATE

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July 20, 2011

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

RE: 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
M-2009-2112952
M-2009-2112956

Dear Secretary Chiavetta:

Enclosed for filing please find the Reply Brief Office of Consumer Advocate, in the
above referenced proceeding.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Candis A. Tunilo".

Candis A. Tunilo
Assistant Consumer Advocate
PA Attorney I.D. # 89891

Enclosure

cc: Honorable Dennis J. Buckley
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company	:	Docket Nos. M-2009-2092222
and Pennsylvania Power Company for	:	M-2009-2112952
Amendment of the Orders Approving	:	M-2009-2112956
Energy Efficiency and Conservation Plans	:	
and Petition for Approval of First Amended	:	
Energy Efficiency and Conservation Plans	:	

REPLY BRIEF
OF THE OFFICE OF CONSUMER ADVOCATE

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Dated: July 20, 2011

I. INTRODUCTION

The Office of Consumer Advocate (OCA) submits this Reply Brief in response to the Main Brief of the Met-Ed Industrial Users Group (MEIUG), Penelec Industrial Customer Alliance (PICA) and Penn Power Users Group (PPUG) (collectively MEIUG et al.). The OCA's Main Brief contained a comprehensive discussion of the evidence and its position on the issues, thus the OCA will respond only to those matters raised by MEIUG et al. that were not previously addressed or that require clarification. Nevertheless, the OCA does not waive its position on contested issues because it does not repeat arguments here. Accordingly, the OCA incorporates the arguments and analysis contained in its Main Brief herein by reference.

The OCA supports the Metropolitan Edison Company (Met-Ed), Pennsylvania Electric Company (Penelec) and Pennsylvania Power Company (Penn Power) (collectively the FirstEnergy Companies) proposals to modify and adjust the Residential EE&C program offerings in order to obtain the greatest benefit for customers while achieving the reductions mandated in Act 129. The OCA does not take a position with regard to the funding levels for programs intended for other customer classes.

II. REPLY ARGUMENT

The OCA files this Reply Brief in response to the Main Brief of MEIUG et al. In its Main Brief, MEIUG et al. argue that the proposed modifications to the FirstEnergy EE&C plans are “inappropriately skewed toward the Large C&I class.” MEIUG et al. M.B. at 20-25. MEIUG et al. argues that the Companies' proposed modifications would “exploit the Large C&I customer class in order to compensate for the apathy of the Small C&I and, to a lesser degree, the Residential classes.” Id. at 20. The OCA submits that arguments suggesting “apathy” of the Residential class are unfounded and unsupported.

Importantly, the Residential class already bears the great majority of costs in the Companies' EE&C plans to date and will continue to pay the majority of costs under the Companies' filing. See Companies' Exhibit 2, Appendix G, Tables 2 and 5; See also Companies' Exh. CVF-1 Supplemental. As the OCA stated in its Main Brief, Met-Ed's original budget provided that Residential customers be responsible for 70% of total EE&C Plan costs, while only representing 44% of total Met-Ed revenues. 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 M-2009-2112952 M-2009-2112956, pp. 26-28 (Order Entered October 28, 2009). For Penelec, the original budget provided that Residential customers be responsible for 67% of total EE&C Plan costs, while only representing 38% of total Penelec revenues. Id. at 27. The OCA submits that the majority of the costs imposed by the Companies' EE&C Plans were, and are, placed on Residential customers. See Companies' Exhibit 2, Appendix G, Tables 2 and 5.

Moreover, the argument suggesting "apathy" by the residential class in program participation or achieved savings is not borne out by the record evidence. Initially, as the Companies' witness Fitzpatrick pointed out, the originally projected savings for each customer class reflected numerous considerations. Tr. 110, 121. For the Large C&I customers, the Companies specifically took into consideration concerns about the economy when making the projections. Tr. 121. But, requests for participation in the program by the Large C&I customers have been better than anticipated and the cost per megawatt-hour being achieved with the large commercial and industrial programs is significantly better than the other classes. Tr. 119-121.

For residential customers, though, MEIUG, et al. Cross Examination Exhibits 2 and 4 do not bear out the MEIUG et al.'s argument of "apathy" on behalf of the Residential class. As to the 2013 goals, for example, the projections show that the Residential class may be short of the originally projected goal by 7% while the Large C&I may be short of the originally projected goal by 2%. MEIUG, et al. Cross Examination Exhibit 2, pg. 2. For Penelec, the Residential class may *exceed* the originally projected class goal by 8% while the Large C&I may exceed the originally projected class goal by 4%. Id. These numbers hardly reflect apathy. Further, while there may be some programs that are not performing as originally expected in the residential sector, other programs are exceeding original expectations. See MEIUG, et al. Cross Examination Exhibit 4, pg. 2-4. The Companies' current proposals for the Residential class recognize this fact and realign the programs to achieve the necessary savings.

As MEIUG et al. notes in its Main Brief, the Commission has stated that each Electric Distribution Company must offer a "well-reasoned and balanced set of measures that are tailored to usage and to the potential for savings and reductions for each customer class." October 28 Order at 22-23; MEIUG et al. M.B. at 21. In this proceeding, FirstEnergy Companies' witness George Fitzpatrick testified that increasing the Residential budget would be ineffective in achieving the additional necessary savings. Companies' St. 1-R at 4. With regard to Large C&I, however, Mr. Fitzpatrick testified that there was more demand for efficiency measures than could be met within the existing budget. Companies' St. 1-R at 4. Mr. Fitzpatrick also explained in his testimony that increasing funds for Residential programs in order to spur energy reductions would not be a practical approach. Id. at 3. The OCA submits that the Commission directive that measures must be "tailored to usage and to the potential for savings" is reflected in

the Companies' proposed modifications to the Residential EE&C Plans. MEIUG et al.'s suggestions to the contrary are without merit.

III. CONCLUSION

For the reasons stated in the OCA's Main Brief and in this Reply Brief, the OCA supports the FirstEnergy Companies' proposed changes to their Residential EE&C plans. The Residential changes are designed to improve the performance of the programs and measures offered to Residential customers and should be approved as proposed by the Companies.

Respectfully Submitted,



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CERTIFICATE OF SERVICE

Joint Petition of Metropolitan Edison	:	
Company, Pennsylvania Electric Company	:	Docket Nos. M-2009-209222
and Pennsylvania Power Company for	:	M-2009-2112952
Amendment of the Orders Approving Energy	:	M-2009-2112956
Efficiency and Conservation Plans and Petition	:	
for Approval of First Amended Energy	:	
Efficiency and Conservation Plans	:	

I hereby certify that I have this day served a true copy of the foregoing document, the Reply Brief of the Office of Consumer Advocate, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code Section 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 20th day of July 2011.

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