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August 19, 2011

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 for Amendment of the Orders Approving Energy Efficiency and Conservation Plan and Petition for Approval of Amended Energy Efficiency and Conservation Plan; Docket No. M-2009-2093218**

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 Answer of the West Penn Power Industrial Intervenors ("WPPII") to the Petition of West Penn Power Company to Amend the Orders Approving its Energy Efficiency and Conservation Plan, 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 Answer, and kindly return them to our messenger for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
Susan E. Bruce

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Counsel to the West Penn Power Industrial Intervenors

SEB:mas

Enclosures

- c: Chief Administrative Law Judge Charles E. Rainey, Jr. (via 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 for :  
Amendment of the Orders Approving :  
Energy Efficiency and Conservation Plan :  
and Petition for Approval of Amended :  
Energy Efficiency and Conservation Plan :

Docket No. M-2009-2093218-40

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**ANSWER OF THE WEST PENN POWER INDUSTRIAL INTERVENORS  
TO THE PETITION OF WEST PENN POWER COMPANY TO AMEND THE ORDERS  
APPROVING ITS ENERGY EFFICIENCY AND CONSERVATION PLANS**

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Pursuant to the provisions of Sections 5.61 and 5.572(e) of the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Regulations,<sup>1</sup> West Penn Power Industrial Intervenors ("WPPII") submit this Answer to West Penn Power Company's ("West Penn" or "Company") Petition filed on August 9, 2011 ("Second Amended Plan Petition"), seeking Commission approval to amend its current Energy Efficiency and Conservation Plan ("First Amended Plan") in favor of the Company's proposed Second Amended Plan, also referred to as the "New Plan," including amended rates for the EE&C Surcharge tariff.

**I. INTRODUCTION AND BACKGROUND**

1. On October 15, 2008, Governor Edward G. Rendell signed House Bill 2200, otherwise known as Act 129 of 2008 ("Act 129" or "Act"). Among other things, Act 129 expanded the Commission's oversight responsibilities and set forth new requirements on Electric Distribution Companies ("EDCs") regarding the reduction of energy consumption and demand. The Commission issued an Implementation Order concerning Act 129 on January 16, 2009.

2. On June 29, 2009, West Penn submitted at the above-referenced docket a Petition for Approval of an Energy Efficiency and Conservation Plan, Approval of Recovery of Costs

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<sup>1</sup> 52 Pa. Code §§ 5.61 and 5.572(e).

through a Reconcilable Adjustment Clause, and Approval of Matters Relating to the Energy Efficiency and Conservation Plan ("EE&C Plan").

3. To protect its members' interests, WPPII filed a Petition to Intervene in this proceeding on July 15, 2009. WPPII is an *ad hoc* coalition of large, energy-intensive industrial and institutional customers of electricity located within West Penn's service territory. WPPII members purchase service from West Penn primarily under Rate Schedules 30, 40, 41, 44, and 46. Electricity costs comprise a significant portion of operational costs for all WPPII members. The members of WPPII are therefore concerned with issues regarding the rates, terms, and quality of their electricity service and, as a result, have been actively involved in numerous West Penn proceedings. WPPII's Petition to Intervene in this proceeding was granted by Administrative Law Judge ("ALJ") Katrina L. Dunderdale at the July 28, 2009, Prehearing Conference.

4. After a series of Commission Orders and timely Company filings, the Company's EE&C Plan, as refiled in accordance with Commission directives, was approved by the Commission on June 23, 2010.<sup>2</sup>

5. On September 10, 2010, West Penn filed a Petition to amend its EE&C Plan ("First Amended Petition") seeking to shift substantial costs (*i.e.*, approximately \$8.1 million) from the Residential class to the C&I classes.<sup>3</sup> As a result of West Penn's proposed reallocation of EE&C program costs, the Company proposed 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%.<sup>4</sup> In response to the Company's First Amended Petition,

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

<sup>3</sup> See First Amended Plan, at 231-32.

<sup>4</sup> See *id.* at 238.

WPPII filed an Answer and Comments on September 30, 2010, and October 12, 2010, respectively.

6. At hearings held on the First Amended Plan, West Penn presented three separate Joint Stipulations between the Company and stakeholders that resolved all disagreements between West Penn and those parties. One of the Joint Stipulations was between West Penn and WPPII ("West Penn-WPPII Joint Stipulation"), in which West Penn agreed to reduce the incremental cost increase for customers on Rates 40, 44 and 46, such that these classes would be responsible for approximately \$900,000 in incremental costs. In addition, as a result of the FirstEnergy/Allegheny Energy Merger being consummated, the incremental EE&C cost increase originally assigned to Rates 20, 22, 30 (small), and 30 (large) was completely eliminated.

7. On January 13, 2011, the Company's First Amended Petition, as modified by the Joint Stipulations, including the West Penn-WPPII Joint Stipulation, was approved by the Commission.<sup>5</sup>

8. On August 9, 2011, the Company submitted a Petition for Amendment of the Orders Approving Energy Efficiency and Conservation Plans and Petition for Approval of Amended Energy Efficiency and Conservation Plans ("Second Amended Petition"). Through the Second Amended Petition, West Penn seeks changes, *inter alia*, to make its current EE&C Plan more consistent with those of Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec") and Pennsylvania Power Company ("Penn Power") (collectively, "PA Companies").<sup>6</sup> The Company proposes other changes, including certain program and budget adjustments, including budget changes to the residential, small C&I and large C&I classes.

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<sup>5</sup> *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 (Order entered Jan. 13, 2011).

<sup>6</sup> See Second Amended Petition, at 5.

According to the Company, the overall total EE&C plan budget, however, is the same as the budget approved for the Current Plan. In the Second Amended Petition, West Penn proposes to increase the Large C&I budget nominally by \$8,000.<sup>7</sup>

## II. ANSWER

9. By way of Answer WPPII offers this preliminary response to the Second Amended Petition:

a. WPPII understands the Company's interest in seeking to amend its EE&C to conform more closely the West Penn EE&C Plan with those of the PA Companies and supports the Company's efforts to capitalize on economies of scale and synergies through common plan administration and program implementation activities, which allows West Penn to focus resources on Act 129 compliance.

b. WPPII firmly supports the Company not seeking to increase the overall West Penn's EE&C budget above the statutorily mandated cap.

c. WPPII does not oppose the increased allocation of costs as proposed to the Large C&I class but only due to its relatively modest amount (*i.e.*, \$8,000). Particularly given the history of this proceeding and the budget amounts previously absorbed by the Large C&I class, however, WPPII would strongly oppose any additional costs being allocated to the Large C&I class and WPPII members.

d. WPPII has reservations about the Company's proposal to dedicate additional ratepayer resources to the Customer Resources Demand Response ("CRDR") program when the Total Resource Cost ("TRC") benefits analysis presented by the Company indicate that this program has a TRC less than 1.<sup>8</sup> West Penn has also not adequately justified

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<sup>7</sup> See *id.* at 10.

<sup>8</sup> See West Penn Second Amended Petition, West Penn Statement No. 1, Exh. ECM-3.

that ratepayer resources would be more cost effectively and efficiently utilized in the CRDR program compared with the Customer Load Response ("CLR") program, the budget of which the Company seeks to decrease in favor of the CRDR program.<sup>9</sup> WPPII respectfully submits ratepayer resources are best focused on those EE&C programs that pass the Commission's TRC test.

e. WPPII has concerns about the reliability and cost impacts of the proposed Conservation Voltage Reduction ("CVR") program on those WPPII members that have facilities that are connected to the distribution system and, thus, may be affected by the proposed program. While the Company indicates that "major problems would be quickly detected,"<sup>10</sup> additional safeguards may be necessary to ensure that major problems are prevented or avoided in the first place, given that customers' reliability would already be negatively affected if a major problem were actually discovered.

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<sup>9</sup> *Id.* at 15.

<sup>10</sup> *See id.* at 12.

**III. CONCLUSION**

**WHEREFORE**, the West Penn Power Industrial Intervenors respectfully request that the Commission consider the foregoing Answer in its consideration of West Penn's Second Amended Plan Petition.

Respectfully submitted,

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Counsel to the West Penn Power Industrial  
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Dated: August 19, 2011

## 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).

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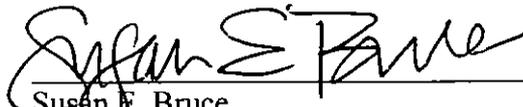
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Counsel to the West Penn Power Industrial Intervenors

Dated this 19<sup>th</sup> day of August, 2011, at Harrisburg, Pennsylvania.