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June 6, 2013

**VIA ELECTRONIC FILING**Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

***Re: Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company to Approve Modification of the Energy Efficiency and Conservation Charge Rider to Include Final Reconciliation Costs and to Recover the Full Costs for Metropolitan Edison Company's Suspension of the Residential Direct Load Control Program Effective May 31, 2013; Docket No. M -2013-2355751***

Dear Secretary Chiavetta:

Pursuant to the Commission's Opinion and Order entered May 23, 2013 in the above-referenced proceeding, enclosed herewith for filing are the Comments of Metropolitan Edison Company in the above-referenced matter.

Please contact me if you have any questions regarding this matter.

Very truly yours,



Lauren M. Lepkoski

dlm  
Enclosures

c: As Per Certificate of Service

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

<b>Petition of Metropolitan Edison Company,</b>	<b>:</b>	
<b>Pennsylvania Electric Company and</b>	<b>:</b>	
<b>Pennsylvania Power Company to Approve</b>	<b>:</b>	<b>Docket Nos. M-2013-2355751</b>
<b>Modification of the Energy Efficiency and</b>	<b>:</b>	<b>M-2009-2112952</b>
<b>Conservation Charge Rider to Include</b>	<b>:</b>	<b>M-2009-2112956</b>
<b>Final Reconciliation Costs and to Recover</b>	<b>:</b>	
<b>the Full Costs for Metropolitan Edison</b>	<b>:</b>	
<b>Company's Suspension of the Residential</b>	<b>:</b>	
<b>Direct Load Control Program Effective</b>	<b>:</b>	
<b>May 31, 2013.</b>	<b>:</b>	

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**COMMENTS OF  
METROPOLITAN EDISON COMPANY**

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**I. INTRODUCTION**

On April 18, 2013, the Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), and Pennsylvania Power Company ("Penn Power") (collectively, "the Companies") filed a Petition with the Pennsylvania Public Utility Commission ("Commission") requesting: (i) approval to amend the Companies' Phase I Energy Efficiency and Conservation Charge Riders ("EE&C-C Riders") to allow the EE&C-C Riders to remain in effect until all costs have been recovered; and (ii) approval for Met-Ed to recover the full costs associated with suspending the Residential Direct Load Control ("DLC") Program effective May 31, 2013.<sup>1</sup>

On May 8, 2013, Met-Ed Industrial Users Group, the Penelec Industrial Customer

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<sup>1</sup> Petition at 1. Met-Ed's Residential DLC Program used Integrated Distributed Energy Reduction ("IDER") technology to control customer owned central air conditioning ("CAC") systems. The Program paid an incentive to participants who agree to have Smart Grid control and monitoring equipment installed on their CAC systems by the Company so as to enable the Company to limit operation of the CAC systems during peak load periods. Once the devices are installed, the Company has the ability to accurately measure and control temperatures in the customer's home for the duration of the load control event. Met-Ed/Penelec/Penn Power Statement No. 2 at 3.

Alliance and the Penn Power Users Group (collectively, the “Industrial Customer Groups” or “Groups”) filed a Petition to Intervene and Answer. The Office of Consumer Advocate (“OCA”) also filed an Answer on May 8, 2013. The OCA and the Industrial Customer groups did not oppose Met-Ed’s request to recover the full costs associated with suspending the DLC Program.<sup>2</sup>

On May 23, 2013, the Commission entered an Order approving the Companies’ request to amend its Phase I EE&C-C Riders.<sup>3</sup> The Commission also approved Met-Ed’s request to recover the costs associated with suspending the Residential DLC Program.<sup>4</sup> However, the Commission in its Order modified Met-Ed’s proposed cost recovery mechanism.<sup>5</sup> Specifically, the Commission proposed that “Met-Ed be allowed to continue utilizing the Residential DLC Program budget for the removal of IDER devices until no additional removal requests are expected or until the expiration of Phase II, at which time the balance would be included in Met-Ed’s Phase II reconciliation, whichever comes first.”<sup>6</sup> The Commission gave the parties in the proceeding fifteen days from the entrance of the Order to submit comments regarding the tentatively approved cost recovery mechanism.<sup>7</sup>

Met-Ed respectfully submits the following comments to the Commission’s tentative cost recovery mechanism.

## II. COMMENTS

Met-Ed is concerned with the Commission’s ultimate termination date -- the conclusion

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<sup>2</sup> OCA Answer at 3 and the Industrial Customer Groups Answer at 4-5. The OCA’s Answer and the Industrial Customer Groups Answer addressed the Companies request to amend the Companies’ Phase I EE&C-C Riders. OCA Answer at 3-4 and the Industrial Customer Groups Answer at 4-5.

<sup>3</sup> Petition of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company to Approve Modification of the Energy Efficiency and Conservation Charge Rider to Include Final Reconciliation Costs and to Recover the Full Costs for Metropolitan Edison Company’s Suspension of the Residential Direct Load Control Program Effective May 31, 2013, Docket Nos. M-2009-2092222, M-2009-2112952, and M-2009-2112956 (Order entered May 23, 2013) at 6.

<sup>4</sup> *Id.* at 7.

<sup>5</sup> *Id.* at 7-9.

<sup>6</sup> *Id.* at 9.

<sup>7</sup> *Id.*

of Met-Ed's Phase II Energy Efficiency and Conservation ("EE&C) Program -- for the tentatively approved cost recovery mechanism because there is a distinct possibility that Met-Ed could receive customer requests to remove the IDER equipment after such date. In such a situation, Met-Ed would be left with no recovery mechanism for the costs of such removal activities, even though the Commission acknowledges that the Company is entitled to such recovery.<sup>8</sup>

Phase II of the EE&C Program will run through May 31, 2016. Rather than setting the deadline for refunds of any remaining Residential DLC Program budget to residential customers today, Met-Ed respectfully requests that the Commission refrain from making any such determination until the conclusion of Met-Ed's Phase II EE&C Program. At the conclusion of Met-Ed's Phase II EE&C Program the Company will be able to identify: (i) how many residential customers requested removal of the IDER equipment; and (ii) whether residential customers are continuing to request removal of the IDER equipment. Based on the above information the Company will be better able to project whether it will receive further requests from residential customers for removal of IDER equipment after the conclusion of the Phase II EE&C Program. Such an approach will prejudice no party and will provide both the Company and the Commission with more current information upon which to make a better informed decision.

Met-Ed proposes to provide a status report to the Commission at the conclusion of its Phase II EE&C Program. The status report will include the above-mentioned information and a specific proposal for the timing of returning the remaining funds in the regulatory liability account to customers. The status report will help the Commission determine whether: (i) Met-Ed should return the remaining funds as reflected in the regulatory liability account during the

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<sup>8</sup> *Id.* at 7-9.

final reconciliation stage of the Company's Phase II EE&C costs; (ii) Met-Ed should continue maintaining the regulatory liability created under the approved ratemaking treatment to offset the costs for the removal of IDER devices, or (iii) whether Met-Ed should use an alternative approach, such as maintain only part of the regulatory liability or maintain the regulatory liability for a specific amount of time.

## II. CONCLUSION

Based upon the foregoing explanation, Metropolitan Edison Company respectfully requests that the Commission postpone the deadline for returning decommissioning funds to residential customers until the end of Phase II of the EE&C Program.

Respectfully submitted,



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Dated: June 6, 2013

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of Metropolitan Edison Company, :  
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the Full Costs for Metropolitan Edison :  
Company's Suspension of the Residential :  
Direct Load Control Program Effective :  
May 31, 2013. :

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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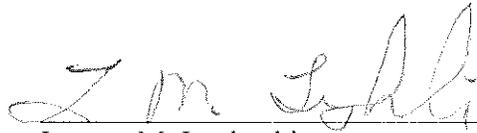
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Date: June 6, 2013

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