October 24, 2013

VIA FEDEX OVERNIGHT

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

Docket Nos. M-2012-2313373’ and M-00051865

Dear Secretary Chiavetta:


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

Sincerely,

Kathy J. Kolich

Enclosure

cc: As Per Certificate of Service
I. INTRODUCTION

On August 29, 2013, the Pennsylvania Public Utility Commission ("Commission") entered a Tentative Order in the above-referenced matter seeking comments to the proposed updates to the 2014 Technical Reference Manual ("TRM") that will be applied to electric distribution companies ("EDCs") Phase II Energy Efficiency and Conservation ("EE&C") Plans from June 1, 2014 through May 31, 2015. The Commission directed that comments be submitted within thirty days of publication in the Pennsylvania Bulletin, and that reply comments be filed forty days thereafter, which deadline is October 24, 2013. The Tentative Order was published in the Pennsylvania Bulletin on September 14, 2013.

Metropolitan Edison Company ("Met-Ed"), Pennsylvania Electric Company ("Penelec"), Pennsylvania Power Company ("Penn Power") and West Penn Power Company ("West Penn") (collectively, "the Companies") respectfully submit the following reply comments to Citizen’s for Pennsylvania’s Future ("Penn Future") and Keystone Energy Efficiency Alliance’s ("KEEA") comments.
II.  REPLY COMMENTS

The Companies have reviewed and considered the majority of Penn Future/KEEA TRM comments and view the issues they are raising, with some minor exceptions, to be broad issues with a longer-term focus that would require further market research. Because of this, many of Penn Future/KEEA’s suggestions should be postponed until such research can be done to confirm the need for implementation of the same. At a minimum, many of Penn Future/KEEA’s suggestions should be addressed during a future potential Phase of Act 129, rather than during the mid-Phase II Plan cycle that is based on standards and parameters that do not factor in such recommendations. Penn Future/KEEA’s Comments that could be implemented on a near-term basis without significantly affecting the already approved EE&C Plans that are currently in place and being (or have been) implemented include the recommendations such as enhancing support documentation or updating coincidence factors to more consistently reflect the peak period defined in §1.10. In addition, several comments, such as in the discussion of how T-12’s are valued in “C/I Issue B” are addressed through existing TRM treatment, combined with net-to-gross assessments, or are otherwise addressed in the implementation of the TRM. Therefore, these types of recommendation by Penn Future/KEEA should be rejected.

Penn Future/KEEA also makes several recommendations regarding changes to baselines based on standard industry practice, rather than current federal standards. The Companies oppose these recommendation and, instead, support the current practice of referencing federal standards for determination of baselines in the TRM given: a) the challenges associated with accurately characterizing industry practice; b) the absence of market studies that could characterize standard industry practice; and e) the ability to capture free-ridership through net-to-gross assessments. As an example, Penn Future/KEEA references Energy Star market share of
certain residential appliances and cites that the baselines for residential measures should therefore be increased to reflect this. However, this data is not specific to Pennsylvania nor does this data characterize the industry practice that would have occurred in the absence of energy efficiency programs. The Companies recommend that baselines NOT be changed unless and until definitive market research specific to Pennsylvania supports such a change.

With respect to Penn Future/KEEA’s “Residential Issue C” (“revise the baseline for 2014 EISA covered lamps to account for delayed inventory clearance.”), the Companies agree with Penn Future/KEEA that there should be a lag in applicability of changes in federal standards generally, but also note that this issue has been discussed, and attempted to be addressed through the use of a TRM effective date of June 1, thus, providing for a five month lag. As previously noted, the Companies believe that the baselines should be based on specific market research and suggests that market shelving studies would best support the timing of implementation of the 2014 EISA wattages.

In summary, based on the nature of their comments, the Companies believe that except for the several examples expressly discussed above, Penn Future/KEEA’s comments are neither timely nor appropriate for implementation in the 2014 TRM. While many of the issues can be considered prior to conducting market potential studies from which savings targets are established for future phases of Act 129, they are misplaced during a mid-Plan cycle (2014) TRM update as they would significantly alter gross savings under approved EE&C Plans and make approved Plan designs/budgets incapable of attaining the savings targets they were designed to achieve. Moreover, making such changes after the Plans have been approved, may raise due process issues that can easily be avoided by simply postponing consideration of such recommendations until a more appropriate time.
III. CONCLUSION

Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company and West Penn Power Company appreciate the opportunity to provide reply comments on the Commission’s Tentative Order regarding the 2014 Technical Reference Manual. The Companies look forward to working with the Commission and the other parties on this matter.

Respectfully submitted,

Dated: October 24, 2013

Kathy J. Kolich
Attorney No. 92203
FirstEnergy Service Company
76 S. Main Street
Akron, Ohio 44308
Phone: (330) 384-4580
Fax: (330) 384-3875
Email: kjkolich@firstenergycorp.com

Counsel for:
Metropolitan Edison Company,
Pennsylvania Electric Company,
Pennsylvania Power Company and West Penn Power Company
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation of the Alternative Energy Portfolio Standards Act of 2004:
Standards for the Participation of Demand Side Management Resources –
Technical Reference Manual 2013 Update:

Docket Nos. M-2012-2313373
M-00051865

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).

Service by first class mail:

Steven C. Gray, Esq.
Acting Small Business Advocate
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
sgray@state.pa.us

Johnnie E. Simms, Esq.
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
josimms@state.pa.us

Tanya D. McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street – 5th Floor
Harrisburg, PA 17101-1923
tmcloskey@paoca.org

Service by electronic mail, as follows:

Megan G. Good
Bureau of Technical Utility Services
megagood@pa.gov

Kriss Brown
Law Bureau
kribrown@pa.gov

RECEIVED

OCT 24 2013

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU
Dated: October 24, 2013

Kathy J. Kolich
Attorney No. 92203
FirstEnergy Service Company
76 S. Main Street
Akron, Ohio 44308
Phone: (330) 384-4580
Fax: (330) 384-3875
Email: kjkolich@firstenergycorp.com
Counsel for:
Metropolitan Edison Company,
Pennsylvania Electric Company,
Pennsylvania Power Company and
West Penn Power Company
From: (330) 761-2352
Carrie M. Dunn
FirstEnergy Corp
76 S. Main St.
Akron, OH 44308

SHIP TO: (717) 772-7777
Rosemary Chiavetta, Secretary
PA Public Utility Commission
400 NORTH ST FL 2
HARRISBURG, PA 17120

Ship Date: 24OCT13
ActWgt: 1.0 LB
CAD: 3157553/NET3430

Ref # 560000503001/503001
Invoice # M-2012-231373 and M-00051965
Dept # Legal - CMD

After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number. Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is $1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.