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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

December 18, 2013

M-2012-2334395

Ms. Kathy J. Kolich, Esquire

FirstEnergy Service Company

76 South Main Street

Akron, OH 44308

**Re:** **Petition of Pennsylvania Power Company for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant To the June 10, 2011 Final Order in Docket No. M-2008-2069887**

Dear Ms. Kolich:

On November 22, 2013, Pennsylvania Power Company (Penn Power) filed, at Docket No. M-2012-2334395, a *Petition of Pennsylvania Power Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887* (Petition). The Petition seeks approval of minor changes to the programs contained in Penn Power’s amended Act 129 Energy Efficiency and Conservation Plan (EE&C Plan) through the Commission’s expedited process set forth in its June 10, 2011 Final Order at Docket No. M-2008-2069887 (Expedited Process Order). Penn Power served the Petition on all parties of record. For the reasons discussed below, Staff will grant Penn Power’s Petition.

Comments were due by December 9, 2013. No comments were filed. On December 13, 2013, Penn Power filed, at this Docket, a request that the reply comment period be waived due to a lack of initial comments.

In its Expedited Process Order, the Commission delegated its authority to review and approve minor EE&C Plan changes, as defined below, to staff of the Bureau of Technical Utility Services (Staff), with assistance from staff of the Law Bureau.[[1]](#footnote-1) The Commission defined minor plan changes as follows:

* 1. The elimination of a measure that is underperforming, no longer viable for reasons of cost-effectiveness, savings or market penetration or has met its approved budgeted funding, participation level or amount of savings;
  2. The transfer of funds from one measure or program to another measure or program within the same customer class; and,
  3. Adding a measure or changing the conditions of a measure, such as its eligibility requirements, technical description, rebate structure or amount, projected savings, estimated incremental costs, projected number of participants, or other conditions so long as the change does not increase the overall costs to that customer class.[[2]](#footnote-2)

In its Phase II Implementation Order, the Commission added the following plan changes to the minor plan changes definition:[[3]](#footnote-3)

1. A change in vendors for existing programs that will continue into Phase II; and,
2. The elimination of programs which are not viable due to market conditions.

In its Petition, Penn Power proposes changes to its Residential and Government and Institutional Programs. Specifically, Penn Power proposes to decrease the funding of the Residential Home Performance Program by $119,081 and to decrease the funding of the Residential Energy Efficiency Products Program by $21,552. Penn Power proposes to transfer $126,253 of the $140,663 total reductions to the Residential Low Income Program. This shift in funding is consistent with the Commission’s March 14, 2013 Opinion and Order approving the settlement regarding Penn Power’s EE&C Plan for Phase II of Act 129.[[4]](#footnote-4) Penn Power also proposes to provide customized Energy Usage Reports to identified low income customers in an effort to achieve additional savings with little or no effort, and to promote other potential energy savings measures and programs. This funding shift is expected to result in a net increase of 97 megawatt hours (MWh) in electric savings. The balance of the funds, $14,380, reflects reductions in administrative and incentive costs of the Residential Home Performance and Residential Energy Efficiency Products Programs.

Penn Power also proposes to add a custom measure program to the Government and Institutional Program, creating more flexibility for customers without impacting the program’s projections or budget.[[5]](#footnote-5)

Penn Power believes that these proposed changes meet the definition of minor plan changes as delineated above. In particular, Penn Power asserts that the proposed changes to the Residential programs involve the transfer of funds from one program to another within the same customer class. Additionally, Penn Power avers that the addition of a measure to the Government and Institutional Program will not increase overall costs to that customer class.

In support of the proposed changes, Penn Power asserts that:

* The shift in funding of $126,253 from the Residential Home Performance and Residential Energy Efficiency Products Programs to the Residential Low Income Program is consistent with the March 14, 2013 Opinion and Order.
* The shift in funding of $126,253 to the Residential Low Income Program will serve additional lower cost water heat and baseload homes; will add additional low cost measures; will increase energy efficiency kits targeted to low energy-use homes; and, will target low income customers for the installation of heat pump water heaters.
* The transfer in funds is projected to result in a net increase of 97 MWh in electricity savings within the Residential class, with little to no impact on the cost-benefit ratios of the programs.
* The new custom measure offering in the Government and Institutional Program will provide additional opportunities for government/educational/non-profit sector customers to participate in the Company's program and will add program implementation flexibility that will help the Company meet its program projections.
* The changes will help Penn Power obtain 4.5% of its consumption reduction requirement from the low income sector and 10% of its consumption reduction requirement from the government/educational/non-profit sector.[[6]](#footnote-6)

Upon review of the Petition, Staff agrees with Penn Power that its proposed changes fall within the Commission’s definition of minor plan changes. Staff also recognizes, based on its analysis of Penn Power’s EE&C Plan and the documentation provided with this filing, that the changes proposed herein do not significantly alter the overall cost-effectiveness of Penn Power’s portfolio of programs or have an impact on the Plan’s budget. As such, Staff approves the changes proposed by Penn Power in the instant Petition. Specifically, Staff approves Penn Power’s proposal to decrease the budgets for the Residential Home Performance and Residential Energy Efficiency Products programs by $119,081 and $21,552, respectively, and increase the budget for its Residential Low Income Program by $126,253 to a total budget of $3,634,708. Staff also approves the addition of a custom measure to the Government and Institutional Program.

In view of the above, the Staff has determined that the *Petition of Pennsylvania Power Company’s Request for Expedited Approval of Proposed Minor EE&C Plan Changes Pursuant to the June 10, 2011 Final Order in Docket No. M-2008-2069887*, filed at Docket No. M-2012-2334395 on November 22, 2013, satisfies the requirements of Act 129 and the related Orders of the Commission. Staff finds that the minor changes proposed in the Petition should enable Penn Power to meet or exceed the energy consumption requirements of Act 129 in a cost-effective manner. Therefore, Staff grants Penn Power’s Petition. Penn Power is directed to file with the Secretary a revised plan, consistent with this Secretarial Letter, within 30 days of the date of this Letter and post the same on its website.

As directed in the Commission’s Expedited Process Order, petitions for appeal from this Staff action must be filed within ten (10) days after service of this Secretarial Letter in accordance with 52 Pa. Code § 5.44.[[7]](#footnote-7) A copy of this Secretarial Letter is to be served on all parties of record in the proceeding at Docket No. M-2012-2334395.



Sincerely,

Rosemary Chiavetta

Secretary

cc: Chairman Powelson

Vice Chairman Coleman

Commissioner Gardner

Commissioner Cawley

Commissioner Witmer

Parties of Record

Paul Diskin, TUS

Darren Gill, TUS

Joseph Sherrick, TUS

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Kriss Brown, LAW

Cheryl Walker Davis, OSA

Jonathan Nase, OSA

1. In the Expedited Process Order, the Commission delegated its authority to staff of the Bureau of Conservation, Economics and Energy Planning, with assistance from staff of the Bureau of Fixed Utility Services and the Law Bureau. *See*, Expedited Process Order at 22. In a Final Procedural Order entered on August 11, 2011, at Docket No. M-2008-2071852, the Commission transferred the staff and functions of the Bureaus of Fixed Utility Services and Conservation, Economics and Energy Planning to the Bureau of Technical Utility Services. *See Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Final Procedural Order at 4. [↑](#footnote-ref-1)
2. Expedited Process Order at 20. [↑](#footnote-ref-2)
3. *See Energy Efficiency and Conservation Program Implementation Order*, at Docket No. M-2012-2289411, (Phase II Implementation Order), entered August 3, 2012, at pages 90-93. [↑](#footnote-ref-3)
4. *See Joint Petition of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company for Consolidation of Proceedings and Approval of Act 129 Phase II Energy Efficiency and Conservation Plans Opinion and Order*, at Docket Nos. M-2012-2334387, *et al.*, (March 14, 2013 Opinion and Order), entered March 14, 2013, pages 10-12. [↑](#footnote-ref-4)
5. Petition at 6 and 7. [↑](#footnote-ref-5)
6. Petition at 5-7. [↑](#footnote-ref-6)
7. Expedited Process Order at 19. [↑](#footnote-ref-7)