

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation of :
Proceedings and Approval of Energy :
Efficiency and Conservations Plans Phase : **Docket No.** _____
III of Metropolitan Edison Company, :
Pennsylvania Electric Company, :
Pennsylvania Power Company Plan and :
West Penn Power Company :

**JOINT PETITION OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY, PENNSYLVANIA POWER
COMPANY AND WEST PENN POWER COMPANY**

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Dated: November 23, 2015

**Counsel for:
Metropolitan Edison Company,
Pennsylvania Electric Company,
Pennsylvania Power Company and
West Penn Power Company**

I. INTRODUCTION

Pursuant to Act 129 of 2008¹ (“Act 129”), and the 2015 Implementation Order of the Pennsylvania Public Utility Commission² (“Commission”), Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”) Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, the “Companies”) hereby file this Joint Petition requesting Commission approval of their respective Phase III Energy Efficiency and Conservation (“EE&C”) Plans (“Phase III Plans”) and cost recovery mechanisms related thereto. Met-Ed’s Phase III Plan is designated as Attachment A; Penelec’s, as Attachment B; Penn Power’s, as Attachment C; and West Penn’s, as Attachment D.³ Copies of each Company’s proposed recovery mechanism(s) are included in Appendix F of each Company’s respective Phase III Plan.

The Phase III Plans include a suite of energy efficiency (“EE”) programs that are designed to meet the additional consumption reduction targets adopted by the Commission’s 2015 Implementation Order during the period June 1, 2016 through May 31, 2021 (“Phase III Period”), and the Commission’s peak demand reduction (“PDR”) targets that will be in place for program years 2 through 5 of the Phase III Period.

For the reasons set forth below, the Companies respectfully request that the Commission approve the Phase III Plans and authorize the Companies to implement proposed tariff riders for cost recovery purposes, as described herein

¹ 66 Pa.C.S. §§ 2806.1 and 2806.2.

² *Energy Efficiency and Conservation Programs*, Docket No. M- 2014-2424864, Implementation Order (Entered June 19, 2015) (“2015 Implementation Order”).

³ Only the Plan corresponding to the applicable Company’s individual docket is attached to this Petition being filed in said docket.

Further, pursuant to 52 Pa. Code Section 5.81, the Companies hereby request a consolidated review of the Phase III Plans on the grounds that they present common questions of law and fact and a consolidated review of these plans will avoid unnecessary costs and delay.

II. BACKGROUND AND HISTORY

1. Met-Ed is a wholly owned subsidiary of FirstEnergy Corp. (“FirstEnergy”) that provides service to approximately 558,000 electric utility customers in eastern Pennsylvania. Penelec is a wholly owned subsidiary of FirstEnergy that provides service to approximately 588,000 electric utility customers in central and western Pennsylvania. Penn Power is a wholly owned subsidiary of Ohio Edison Company, which, in turn, is a wholly owned subsidiary of FirstEnergy. Penn Power provides service to approximately 163,000 electric utility customers in western Pennsylvania. West Penn is a wholly owned subsidiary of FirstEnergy that provides service to approximately 721,000 electric utility customers in western Pennsylvania.

2. Each Company is a “public utility” and an “electric distribution company” (“EDC”) as those terms are defined under the Public Utility Code, 66 Pa. C.S. §§102 and 2803, respectively.

3. The Companies’ attorneys are:

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The Companies' attorneys are authorized to receive all notices and communications regarding this Petition. Should the Commission permit only one attorney to be the attorney of record for the Companies, Kathy J. Kolich should be so designated.

4. Act 129 was signed into law on October 15, 2008, and became effective on November 14, 2008. Among other things, the Act created an Energy Efficiency & Conservation ("EE&C") Program, codified in the Pennsylvania Public Utility Code at 66 Pa. C.S. §§ 2806.1 and 2806.2. This initial program, which was in effect through May 31, 2013 ("Phase I Period"), required EDCs with at least 100,000 customers to adopt an EE&C Plan ("Phase I Plan"), approved by the Commission, to reduce electric consumption by certain percentages by May 31, 2010 and May 31, 2013 and to reduce peak demand by a certain percentage by May 31, 2013. The Companies achieved all targets by May 31, 2013.

5. Act 129 also required the Commission, by November 30, 2013 and every five years thereafter, to assess the cost-effectiveness of the EE&C Program and set additional incremental reductions in electric consumption if the EE&C Program's benefits were found to exceed its costs.

6. The Commission determined in its Phase II Implementation Order⁴ that additional reductions in consumption were cost-effective and prescribed EE targets to be met by May 31,

⁴ *Energy Efficiency and Conservation Program*, Docket Nos. M-2012-2289411 and M-2008-2069887, Implementation Order (Entered Aug. 3, 2012) (hereinafter, "Phase II Implementation Order").

2016.⁵ At that time, though, the Commission did not have enough information to determine the cost-effectiveness of PDR programs.⁶ Therefore, the Commission's Phase II Implementation Order only established energy reduction targets, which were to be met between June 1, 2013 and May 31, 2016 ("Phase II Period"). The Companies timely submitted their Phase II EE&C Plans ("Phase II Plans"), which were approved by the Commission with minor modifications in an Order entered on March 14, 2013 in Docket Nos. M-2012-2334387 (Met-Ed), M-2012-2334392 (Penelec), M-2012-2334395 (Penn Power), and M-2012-2334398 (West Penn).

7. In order for the Commission to obtain the requisite cost analysis on potential future demand reduction requirements, the Commission directed the Statewide Evaluator ("SWE") to provide the Commission with a demand response study to analyze the cost-effectiveness of the legislative PDR requirements and of potential improvements to the PDR program.⁷ In a May 17, 2013 Secretarial Letter, the Commission released the *Act 129 Demand Response Study – Final Report* at Docket No. M-2012-2289411.⁸ Based upon comments received from stakeholders during a Commission sponsored meeting on June 11, 2013, the Commission directed the SWE to conduct a Preliminary Wholesale Price Suppression and Prospective Total Resource Cost (TRC) Test Analysis of the demand response program. The SWE's *Act 129 Demand Response Study – Final Report; Amended November 1, 2013*⁹ was released for comment on November 14, 2013.¹⁰ Following a review of comments, the Commission issued its Peak Demand Reduction Cost

⁵ Id. at 24.

⁶ Id. at 32.

⁷ See *Energy Efficiency and Conservation Program*, Secretarial Letter, at Docket Nos. M-2012-2289411 and M-2008-2069887, (served Mar. 4, 2011).

⁸ See *Release of the Act 129 Demand Response Study – Final Report and Stakeholders' Meeting Announcement*, at Docket No. M-2012-2289411 (served May 17, 2013).

⁹ The May 2013 and November 2013 versions of the *SWE's Act 129 Demand Response Study – Final Report* are available on the Commission's website at

http://www.puc.pa.gov/filing_resources/issues_laws_regulations/act_129_information/act_129_statewide_evaluator_swe.aspx.

¹⁰ See *Energy Efficiency and Conservation Program Tentative Order*, at Docket Nos. M-2012-2289411 and M-2008-2069887 (entered Nov. 14, 2013).

Effectiveness Determination Final Order, which directed the SWE to perform a demand response market potential study (“DR Potential Study”) using proposed load curtailment models.¹¹ The SWE submitted its final version of the DR Potential Study to the Commission on February 25, 2015.¹²

8. The SWE was also tasked with performing an energy efficiency market potential study (“EE Potential Study”) to determine the cost-effective consumption reduction potential in Pennsylvania.¹³ The SWE submitted its final EE Potential Study to the Commission on February 25, 2015.¹⁴ Based upon the results of the DR and EE Potential Studies, and following a comment and reply comment period on the Commission’s Tentative Phase III Implementation Order, the Commission issued the 2015 Implementation Order. In that Order, the Commission directed EDCs subject to Act 129 to submit an EE&C plan that would achieve certain energy efficiency targets during the period June 1, 2016 through May 31, 2021 (“Phase III Period”) and certain demand reduction targets during program years 2 through 5 of the Phase III Period. Because the SWE’s DR Potential Study concluded that no cost-effective potential for demand reduction exists in Penelec’s service territory, Penelec has no demand reduction requirement during the Phase III Period.¹⁵ The Commission, however, indicated that Penelec could propose a voluntary demand reduction program if it fit within Penelec’s program budget.¹⁶

¹¹ See *Energy Efficiency and Conservation Program Final Order*, at Docket Nos. M-2012-2289411 and M-2008-2069887 (entered Feb. 20, 2014) (hereinafter PDR Cost Effectiveness Determination Final Order).

¹² See *Demand Response Potential for Pennsylvania – Final Report*, submitted by GDS Associates, Inc., et al., February 25, 2015. (hereinafter DR Potential Study).

¹³ See *Proposal to Pennsylvania Public Utility Commission – Statewide Evaluator RFP*, submitted by GDS Associates, Inc., et al., January 11, 2013.

¹⁴ See *Energy Efficiency Potential for Pennsylvania – Final Report*, submitted by GDS Associates, Inc., et al., February 2015. (hereinafter EE Potential Study).

¹⁵ 2015 Implementation Order, p. 45

¹⁶ Id.

9. Act 129 also required the Commission to develop and adopt an EE&C Program that sets out specific issues the EE&C Program must address.¹⁷ During the Phase I Period, the Commission adopted the Phase I Implementation Order establishing the EE&C Program in compliance with Section 2806.1(a), 66 Pa. C.S. § 2806.1(a). In addition to adopting the Phase I Implementation Order, the Commission also adopted orders implementing specific and essential components of the EE&C Program, including the establishment of a TRC Test,¹⁸ updates to the Technical Reference Manual (TRM)¹⁹ and the establishment of a SWE. As was done for Phase II, each of these components has been updated for the Phase III Period through various Commission actions.²⁰

10. Pursuant to the Commission's 2015 Implementation Order, the Company that is the subject of this docket submits this Petition, along with its respective Phase III Plan, which was developed to achieve all statutory and regulatory requirements as established by Act 129 and Commission directives.

11. In support of the Phase III Plans, attached and marked as indicated are the following three statements of Direct Testimony:

- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 1, Direct Testimony of John C. Dargie** (Summary of the Companies and their respective Phase III Plans, and an overview of the Companies' Energy

¹⁷ See 66 Pa. C.S. § 2806.1(a).

¹⁸ See *Implementation of Act 129 of 2008 – Total Resource Cost (TRC) Test Order*, at Docket No. M-2009-2108601 (entered June 23, 2009) (hereinafter 2009 TRC Test).

¹⁹ See *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Standards for the Participation of Demand Side Management Resources – Technical Reference Manual Update Order*, at Docket No. M-00051865 (entered June 1, 2009) (2009 TRM Final Order).

²⁰ See e.g., The Phase III Plan Template Secretarial Letter, Docket No. M-2014-2424864; the current Technical Reference Manual ("TRM") Order, Docket No. M-2015-2469311 (entered July 8, 2015); the current Total Resource Cost ("TRC") Test Order, Docket No. M-2015-2468992 (entered June 22, 2015).

Efficiency Team, the stakeholder process, and the bidding/contracting procedures).

- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 2, Direct Testimony of Edward C. Miller** (Description of the Phase III development process, the specific programs and subprograms included in the Phase III Plans and how the plans comply with all statutory and regulatory requirements).
- **Met-Ed/Penelec/Penn Power/West Penn Statement No. 3, Direct Testimony of Kevin M. Siedt** (Summary of the Companies' proposed cost recovery mechanism ("Phase III EE&C-C Rider") for each of the Companies, the cost reconciliation process and collection of final Phase II costs).

12. For the reasons that follow, the Companies respectfully request that the Commission approve the Phase III Plan attached to this Petition, and authorize the applicable Company to implement the Phase III EE&C-C Rider and corresponding rates included in Appendix F of that Company's Phase III Plan, to be effective for services rendered on or after June 1, 2016.

III. LEGAL REQUIREMENTS

A. Additional Incremental Reductions in Consumption and Demand

13. In its 2015 Implementation Order, the Commission required EDCs to file a Phase III EE&C plan that will operate from June 1, 2016, through May 31, 2021. In its 2015 Implementation Order (at pages 35 and 57), the Commission established the following energy and demand reduction requirements for each of the Companies:

EDC	Energy Reduction Targets (MWhs)	Demand Reduction Targets (MWs)
Met-Ed	599,352	49
Penelec	566,168	0
Penn Power	157,371	17
West Penn	540,986	64

14. The Commission also directed that each EDC's Phase III EE&C plan be designed to achieve at least 15% of its overall reduction target in each program year²¹ and to achieve at least 85% of its demand reduction target in each PDR event.²²

B. Spending

15. Act 129 allows EDCs to recover all prudent and reasonable costs related to the provision or management of their Phase III EE&C plans, but limits such costs to an amount not to exceed two percent of the EDC's total annual revenue as of December 31, 2006, excluding Low-Income Usage Reduction Programs established under 52 Pa. Code § 58.²³

16. The Commission interprets the two percent limitation provision of the Act, to be an annual amount applicable for the period of the plan, rather than an amount for the proposed five-year period of Phase III.²⁴

17. The Companies' annual spending caps as established in the 2015 Implementation Order (at page 11) are as follows:

²¹ Id. at 59.

²² Id. at 36.

²³ 66 Pa. C.S. § 2806.1(g).

²⁴ 2015 Implementation Order at 11.

EDC Name	Annual Budget
Met-Ed	\$24,866,894
Penelec	\$22,974,742
Penn Power	\$6,659,789
West Penn Power	\$23,562,602

C. Other Legal Requirements

18. The Companies' Phase III Plans must also: (i) include a proposed cost recovery tariff mechanism in accordance with 66 Pa. C.S. § 1307;²⁵ (ii) assign and allocate the costs associated with the EE&C measures to the same customer class that will receive the direct energy and conservation benefits from these measures;²⁶ (iii) bifurcate all Phase II EE&C costs from Phase III EE&C costs;²⁷ (iv) provide that a minimum of 3.5% of the energy efficiency targets be achieved through the government/education/non-profit ("G/E/NP") sector;²⁸ (v) include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines, in proportion to that sector's share of the total energy usage in the EDC's service territory;²⁹ (vi) obtain a minimum of 5.5% of their total consumption reduction requirements from the low-income sector;³⁰ (vii) include a variety of measures that are provided equitably to all

²⁵ 66 Pa.C.S. § 2806.1(b)(1)(i)(H); 2015 Implementation Order, p. 130.

²⁶ 66 Pa.C.S. §2806.1(a)(11); 2015 Implementation Order at 130.

²⁷ 2015 Implementation Order at 140.

²⁸ Id. at 76.

²⁹ 66 Pa. C.S. §2806.1(b)(1)(i)(G).

³⁰ 2015 Implementation Order at 69.

customer classes;³¹ and (viii) contain at least one comprehensive measure for residential and non-residential rate classes.³²

19. Although not required, EDCs are also encouraged to give special emphasis and consideration to multifamily housing within the government/educational/nonprofit sector in their EE&C plans.³³

IV. PHASE III ENERGY EFFICIENCY AND CONSERVATION PLANS

A. Overview of the Plans:

20. Each Company's Phase III Plan is virtually identical to the other Companies' Phase III Plans. They include a portfolio of energy efficiency programs and demand reduction programs, which are designed to achieve the specific reduction targets during the Phase III Period as established by the Commission in its 2015 Implementation Order. Like the Companies' Phase I and II Plans, the proposed Phase III Plans include a portfolio of EE&C programs targeted to a variety of customer segments, including: (i) residential (with programs specifically targeted to the low-income sector); (ii) small commercial and industrial ("C&I"); (iii) large C&I; and (iv) the Governmental/Educational/Non-profit sector (collectively "G/E/NP Sector").

21. Each of the Phase III Plans is generally an extension of the programs and measures included in the Companies' Phase II Plans, with slight modifications to the programs, the elimination of several measures and the addition of new programs, subprograms and measures, including new PDR programs. Also, like the Phase II Plans, the Phase III Plans continue the use of incentive level ranges. Under this approach, the Companies have the ability to adjust rebate

³¹ 66 Pa. C.S. §2806.1(a)(5); 2015 Implementation Order at 112

³² 2015 Implementation Order, p. 61.

³³ 2015 Implementation Order at 80, where the Commission established a working group to further explore opportunities for this segment of customers.

levels within the range as market conditions warrant, provided that these adjustments do not increase program costs beyond approved budgets and, further provided, that the Companies discuss potential changes with interested stakeholders before making any such changes.

22. Sections 1.2 and 3.1 of the Phase III Plans describe how the FirstEnergy plan development team (“EE&C Team”) designed the Companies’ Phase III Plans. Generally, the EE&C Team reviewed the existing programs and measures in the Companies’ Phase II Plans to assess implementation and performance to date. It then reviewed the programs and measures offered by both FirstEnergy and other utilities to establish a universe of programs and measures for consideration. The EE&C Team also reviewed the EE and DR Potential Studies and the 2016 Technical Reference Manual (“TRM”),³⁴ and consulted with its implementation team and ADM Associates, Inc. (“ADM”) -- its energy efficiency consultant and independent EM&V contractor - - in an effort to identify additional opportunities. The EE&C Team considered the program and measure opportunities and completed initial modeling, taking into account: (i) implementation experience through existing programs; (ii) program benefit and cost assumptions; (iii) input from stakeholders, consultants and vendors; and (iv) the 2016 TRM and market potential studies. Based on this analysis and evaluation, the EE&C Team selected the measures to be included in the Phase III Plans, estimated participation levels and corresponding program and measure savings and costs, and developed program budgets within the budget constraints established under Act 129’s statutory 2% spending cap and TRC requirements.

23. Based on information known at the time of filing, the Companies’ Phase III Plans are designed to:

³⁴ 2016 TRM Update Final Order, Docket No. M-2015-2469311, entered July 8, 2016.

- Achieve the required reductions in consumption and peak demand prescribed by the Commission’s 2015 Implementation Order within the statutory 2% budget cap;
- Achieve at least 15% of the consumption reduction targets each year of the Phase III Period;
- Achieve a minimum of 3.5% consumption reductions from the G//E/NP Sector;
- Offer both residential and non-residential customers comprehensive programs/measures;
- Obtain a minimum of 5.5% of their consumption reduction requirements from the low-income sector through low income programs targeted directly to low income customers;
- Include specific energy efficiency measures for households at or below 150% of the federal poverty income guidelines; and
- Equitably provide a variety of measures to all customer classes.

24. The Companies’ Phase III Plans describe how the Companies will achieve the required reductions in consumption and demand, within the cost limitations and assumptions prescribed by the Commission’s 2015 Implementation Order, and explain how quality assurance and performance will be measured, verified and evaluated.

25. The Phase III Plans include cost estimates to develop and implement programs and measures. Consistent with the 2015 Implementation Order and pursuant to 66 Pa.C.S. §1307, a tariff rider cost recovery mechanism is proposed to ensure full and current recovery of the costs of

the plans. A budget showing total planned expenditures by program³⁵ and customer class³⁶ is also included in each of the Companies' Phase III Plans.

26. Program results will be determined consistent with the 2016 TRM, and the projected savings generated and evaluated through the Companies' Phase III Plans are based on the requirements and guidance set forth in the Phase III TRC Order. The results of the TRC test, as applied to the Phase III Plans, are presented in Appendix E, Table 1A and 1B of the Companies' respective plans. Each of the plans passes the TRC test.

B. Description of the Proposed Phase III Plans:

27. The Companies have designed a suite of programs for all major customer segments. The programs offered by the Companies in Phase III are generally an expansion of the successful elements currently included in the Phase II Plans approved by the Commission. These programs (which are described in greater detail in Section 3 of each Company's Phase III Plan and summarized in Companies' Witness Miller's testimony) are as follows:

Residential programs:

- Appliance Turn-In Program
- Energy Efficient Products Program
- Energy Efficient Homes Program

Low Income program:

- Low Income Energy Efficiency Program

Small Commercial and Industrial programs:

- C&I Energy Solutions for Business Program – Small
- C&I Demand Reduction Program – Small

³⁵ See Appendix C-1 of the Phase III Plans.

³⁶ See Appendix E, Table 6 of the Phase III Plans.

Large Commercial and Industrial programs:

- C&I Energy Solutions for Business Program – Large
- C&I Demand Reduction Program – Large

G/E/NP Program:

- Governmental and Institutional Tariff Program

28. Each of the above programs include numerous subprograms, all of which are also described in detail in Section 3 of the Phase III Plans attached hereto.

C. Phase III Energy Efficiency and Conservation Charge Rider:

29. In this Joint Petition, as part of the Phase III Plans, the Companies are seeking approval to establish an Energy Efficiency and Conservation Charge Phase III Rider (“Phase III EE&C-C Rider”) as a mechanism, consistent with 66 Pa. C.S. § 1307, to recover the costs associated with developing and implementing each of the Phase III Plans. Each Company’s proposed tariff rider is attached to each Company’s plan in Appendix F and is discussed in detail in Companies’ Witness Siedt’s direct testimony.

30. The Phase III EE&C-C Riders are designed to recover from customers on a full and current basis all reasonable and prudent costs, including administrative costs, incurred in the development, provision and management of the Phase III Plans.³⁷

31. The Phase III EE&C-C Riders being proposed by each of the Companies will ensure that approved measures are financed by the customer class that receives the direct energy and conservation benefit of the measures.³⁸ Further, the Companies’ plans include first year cost estimates for implementation of all measures, along with proposed rates to be charged through

³⁷ 66 Pa.C.S. § 2806.1(k).

³⁸ 66 Pa.C.S. § 2806.1(b)(1)(i)(F).

these riders during the first program year (June 1, 2016 through May 31, 2017) of the Phase III Period.

32. The Phase III EE&C-C Riders are very similar to the cost recovery mechanisms approved in the Companies' Phase II Plans ("Phase II EE&C-C Riders"), with two exceptions: (1) during Phase III, rates will be computed annually using the annual projected *program cost estimate* rather than the *total approved budget* amount (2% budget cap) as was done during Phase II; and (2) a second reconciliation factor will be incorporated into the Phase III recovery mechanism to recover any final Phase II costs.³⁹ These distinctions are discussed in detail in Companies' Witness Siedt's testimony.

33. The total costs of the Companies' Phase III Plans to be recovered will not exceed the spending limitations established by the Commission in its 2015 Implementation Order (at page 11).

34. A detailed estimate of the costs relating to the Companies' Phase III Plans are set forth in each Company's plan attached hereto as Attachments A, B, C or D, as applicable. The reasonable and prudent costs include expense items relating to all program elements as well as all related administrative costs. The budgets in the Phase III Plans include costs for the on-going administration and operation of the plans, as well as the incremental costs incurred to design, create, and obtain Commission approval for these plans.

35. The rates included in the Phase III EE&C-C Riders are expressed and billed as a price per kilowatt-hour ("kWh"), except for the industrial customer class that is expressed on an individual Customer's Peak Load Contribution kilowatt ("kW PLC") basis and will be billed on that basis throughout the Phase III Period. Some of the highlights of the rider include:

³⁹ There is a third Phase III EE&C-C Rider distinction, for Met-Ed only, which involves costs incurred to remove at a customer's request Integrated Distributed Energy Resources ("IDER") equipment used in a discontinued residential direct load control program.

- The Phase III EE&C-C rates will be calculated and stated separately for each customer class according to the provisions of the rider;
- The Phase III EE&C-C Riders will be effective for services rendered on or after June 1, 2016 through the end of the Phase III Period on May 31, 2021;
- The Phase III EE&C Rider rates will remain in effect for a period of one year (June 1 through the following May 31), unless revised on an interim basis as approved by the Commission;
- If conditions warrant, the Companies may request Commission approval of interim revisions to the Phase III EE&C-C rates to become effective thirty days from the date of filing;
- By June 30th of each year, the Companies will file an annual report indicating actual revenues collected and costs incurred during the preceding Program Year;
- Application of the Phase III EE&C-C rates will be subject to annual review and audit by the Commission;
- For the initial Computational Period and the following period (June 1, 2017 through May 31, 2018), the Companies will include a reconciliation factor that is intended to account for any final Phase II related costs; and,
- For Met-Ed only, there will be a one-time IDER cost reconciliation when determining rates to be in effect during Program Year 2 (June 1, 2017 through May 31, 2018).

36. Following Commission approval, the Companies request that the Commission authorize the Companies to implement the proposed tariffs and related EE&C-C rates for each

Company to become effective for services rendered on or after June 1, 2016, and to incorporate the respective riders into the retail electric service tariffs of Met-Ed, Penelec, Penn Power, and West Penn.

D. Implementation

37. The Companies are committed to designing and implementing robust processes, organizations and systems that focus on program quality control and customer satisfaction. Because the programs included in the Phase III Plans are, in essence, extensions of the Phase II programs, the Companies will leverage the existing program implementation processes that were developed and proven effective during Phases I and II of the Commission's EE&C Program. This approach not only minimizes implementation costs, but it also avoids start up issues that normally occur if new processes and procedures are put in place. As with the Phase I and Phase II EE&C plans, the Companies will continue overall administration and oversight of the Phase III Plans, but will utilize third party CSPs to perform various program implementation and support duties. Specific activities that the Companies will oversee include: (i) the Phase III Plan implementation and performance; (ii) the execution of marketing campaigns; (iii) Quality Assurance/Quality Control activities; (iv) tracking and reporting activities; and (v) management of CSPs. The Companies will utilize multiple CSPs to provide many program related services, including assistance with program implementation, marketing, and EM&V. Some of these CSPs will be responsible for either the transitioning of existing Phase II programs to similar Phase III programs, or the start-up of new Phase III programs and measures. Responsibilities related to current Phase II programs transitioning to Phase III will include, at a minimum, the reevaluation of staffing levels, staffing skills and promotional materials, and the updating of the same. Responsibilities related to new Phase III programs will include, at a minimum, the identification of appropriate staffing skills and levels and the hiring of the same, and the development of

website(s), promotional strategies, and processes ensuring quality and other controls supporting successful program implementation.

38. When selecting the CSPs, the Companies will adhere to the vendor selection requirements as set forth in the Commission's 2015 Implementation Order and will select through a competitive bidding process all of their CSPs that provide consultation, design, administration and management or advisory services to the Companies. All CSP contracts will be submitted to the Commission staff for review and will be contingent upon Commission approval of both the contract and the applicable programs that are the subject of the contract. Requests for Proposal ("RFPs") have been, or will in the near future be, distributed to all qualified CSPs registered on the Commission's website and the Companies are making, and will continue to make, an effort to acquire bids from minority or other special category businesses. To date, the Companies have issued RFPs for Demand Response Programs, EM&V activities and the Tracking/Reporting system. The Companies anticipate issuing the remaining RFPs by the end of 2015 for both residential and C&I sector program/subprogram implementation and expect to have all CSPs selected during the first quarter of 2016 in order to effectuate a smooth transition to the Phase III programs once the Commission approves the Phase III Plans.

39. The Companies will not begin offering incentives and rebates to customers until Commission approval of their Phase III Plans and will ensure that the rebates apply to only those measures installed and commercially operable after May 31, 2016 and before May 31, 2021. Customers generally have 180 days to submit a rebate application.

E. Procedural Timeline:

40. In accordance with the Commission’s 2015 Implementation Order (at pages 91-92), the Companies anticipate the following approximate procedural timeline to address the Phase III Plans:

Met-Ed, Penelec, Penn Power, and West Penn file Energy Efficiency and Conservation Plans	On November 23, 2015
Plans published in <i>PA Bulletin</i> and on Commission website	Within 20 days after filing of plans or December 13, 2015
Answers (Comments, Recommendations) of Interested Parties	20 days after published in <i>PA Bulletin</i> or January 2, 2016
Evidentiary Hearing conducted by Administrative Law Judge	65 days after filing of plan or January 27, 2016
Main Briefs due	10 days after the close of the evidentiary hearing (on or about February 8, 2016) ⁴⁰
Reply Briefs/Voluntary Revisions to Plans (if applicable)	10 days after Main Briefs are filed (On or about February 18, 2016)
Commission Order approving EE&C Plans and cost recovery tariff filings	120 days after filing of plans or March 22, 2016
Implementation of Met-Ed, Penelec, Penn Power, and West Penn Energy Efficiency and Conservation Plans	June 1, 2016

F. Public Interest:

41. The Phase III Plans are: (i) in the public interest; (ii) in compliance with the requirements of Act 129; and (iii) in compliance with all of the Commission’s applicable Act 129 related Orders, including the Commission’s 2015 Implementation Order and the 2016 TRC Order. The Companies’ Phase III Plans provide a suite of programs that are targeted to every customer segment in the Companies’ respective service territories. The programs provide customers with multiple levels of information ranging from generic information about saving energy in general to customized information about services that will help them make energy usage changes in their homes and facilities. Moreover, these programs are a part of a comprehensive statewide initiative

⁴⁰ This assumes the evidentiary record is closed on January 28, 2016.

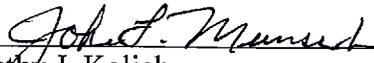
designed to help achieve energy consumption reductions required by Act 129 and the Commission's 2015 Implementation Order within the cost cap established by the Act.

V. **CONCLUSION**

WHEREFORE, based upon the foregoing, the Companies respectfully request that the Commission issue an order (i) approving the attached Phase III Energy Efficiency and Conservation Plan; and (ii) authorizing the Company to which the attached plan pertains to implement the Phase III Energy Efficiency and Conservation Charge Rider rates included in Appendix F of said Phase III Plan by filing a tariff supplement, to be effective for service rendered on and after June 1, 2016.

Respectfully submitted,

Dated: November 23, 2015



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