



COMMONWEALTH OF PENNSYLVANIA

January 4, 2016

E-FILED

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

Re: Joint Petition for Consolidation of Proceedings and Approval of Act 129 Phase III EE&C Plans of Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company - Docket Nos. M-2015-2514767, M-2015-2514768, M-2015-2514769, and M-2015-2514772

Dear Secretary Chiavetta:

I am delivering for filing today the original of the Answer of the Office of Small Business Advocate in each of the above-captioned proceedings.

Copies have been served today on all known parties in these proceedings. A Certificate of Service to that effect is also enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney ID No. 306921

Enclosures

cc: The Honorable Elizabeth H. Barnes
Mr. Robert Knecht
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation of Proceedings	:	
And Approval of Energy Efficiency and	:	Docket Nos. M-2015-2514767
Conservation Plans Phase III of Metropolitan	:	M-2015-2514768
Edison Company, Pennsylvania Electric	:	M-2015-2514769
Company, Pennsylvania Power Company, and	:	M-2015-2514772
West Penn Power Company	:	

**ANSWER OF THE OFFICE OF
SMALL BUSINESS ADVOCATE**

Pursuant to 52 Pa. Code §5.61(e), the Office of Small Business Advocate (“OSBA”) hereby answers the Joint Petition filed by Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”), Pennsylvania Power Company (“Penn Power”), and West Penn Power Company (“West Penn”) (collectively, “First Energy” or “the Companies”) with the Pennsylvania Public Utility Commission (“Commission”) on November 23, 2015, and avers the following in support thereof:

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.
2. In the Petition, the Companies seek approval of their respective Phase III Energy Efficiency and Conservation Plans (“Phase III Plans”) and cost recovery mechanisms related thereto.
3. The OSBA is participating in this proceeding to ensure that the Phase III Plans developed by the Companies are fair and equitable to small business customers. Ideally, the OSBA would like to ensure that the Phase III Plans have the following characteristics:

- a. Ratepayer subsidized energy efficiency programs are selected primarily based on their overall cost effectiveness, but also take into account a reasonable balance among the various rate classes and meeting the legislated targets for certain customer groups;
- b. Estimates of long-term energy savings associated with ratepayer subsidized energy efficiency programs should be validated by actual observed load reductions for program beneficiaries;
- c. “Incentives” (*i.e.*, cross-subsidies to participating customers from non-participants) and administrative costs for energy efficiency programs targeted at small business customers should be minimized, subject to the overall need to meet mandated savings levels;
- d. Ratepayer subsidized energy efficiency programs for small business customers should focus on cost-effective programs that would likely not be undertaken by the customers without the subsidies (*i.e.*, credible estimates of net to gross (“NTG”) ratios should be used in comparing the economics of different programs);
- e. Programs targeted at general service customers who are not small businesses, including government, non-profit, educational or multi-family customers, are not disproportionate to those customers’ load.

4. However, the Phase III Plans are extremely detailed and complex. Any thorough evaluation of these plans by the OSBA is precluded by time and budget considerations. As such, the OSBA’s intervention in these proceedings will therefore be limited, and will seek to ensure that the mix of ratepayer subsidized programs sponsored by the Companies is reasonable. In general, the OSBA will review the following:

- a. Whether the overall level of utility costs for the various rate classes is reasonably commensurate to distribution voltage energy consumption, or an adequate explanation for any major variation is provided by the Companies;
- b. Whether program beneficiaries for small business programs bear a reasonable share of the cost of each program, both in absolute terms (*i.e.*, greater than 50%) and relative to the statistics for programs targeted to other rate class groups;
- c. Whether the tariff charges per kWh for Residential and Small C&I customer classes are similar in magnitude, or an adequate explanation for any major variation is provided by the Companies;
- d. Whether the benefit-cost ratios, measured both with and without a NTG adjustment, for programs targeted at Small C&I customers are similar or greater in magnitude than those targeted at other rate class groups.

WHEREFORE, the Office of Small Business Advocate respectfully requests that the Commission deny approval of the Companies' Phase III Plans unless they meet the criteria described above.

Respectfully submitted,


Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney I.D. No. 306921

Office of Small Business Advocate
300 North Second Street, Suite 202
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Date: January 4, 2016

**BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

Joint Petition for Consolidation of	:	
Proceedings and Approval of Energy	:	
Efficiency and Conservation Plans	:	Docket No. M-2015-2514767
Phase III of Metropolitan Edison	:	M-2015-2514768
Company, Pennsylvania Electric	:	M-2015-2514769
Company, Pennsylvania Power Company	:	M-2015-2514772
and West Penn Power Company	:	

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been served via email and/or first-class mail (unless other noted below) upon the following persons, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant)

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DATE: January 4, 2016


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